FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
No. 28,022
Tuesday November 20 1979

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Commons debate on Blunt tomorrow

The Prime Minister will open a full debate on the Anthony Blunt affair in the Commons tomorrow. Mrs. Thatcher will assure MPs that Government procedures have been changed to provide for more extensive Ministerial checks on security activities.

The Prime Minister also seems likely to announce that the Government's Protection of Official Information Bill, presently before the Lords, will be withdrawn until Ministers have considered possible amendments to it.

Blunt is to make a public *statement today*. Back Page; Parliament, Page 15

Ceasefire plans

The Patriotic Front tabled proposals for a ceasefire in the seven-year Rhodesian war which differ substantially in a number of key areas from the British plan presented by Lord Carrington. Most notably the Front calls for a Commonwealth peace-keeping force numbering "several thousands" whereas the British plan envisages a monitoring group of "several hundreds." Back Page

Freedom in sight

Ten more hostages from the American embassy in Tehran were expected to be released either late last night or early this morning and put on an aircraft to Europe.

The position on whether dollar payments for oil are themselves unsatisfactory is still not clear. A Persian language newspaper reported that the central bank was studying in which currencies payments should be made. Page 6

Unionist move

Northern Ireland's Official Unionist Party may take part after all in the proposed constitutional conference on Northern Ireland. Back page

Sadat raises flag

President Sadat raised the Egyptian flag in the Biblical "Valley of Rest" at the foot of Mount Sinai and declared the area open to all Moslems, Christians and Jews. The ceremony celebrated the second anniversary of his historic trip to Jerusalem which led to the signing of the Peace Treaty. Page 4. Two years on, Page 24

BBC walkout

The BBC regarding dispute intensified when 250 members of the Association of Broadcasting Staff walked out in London, Glasgow and Bristol hitting the live transmission of several programmes including Nationwide and Panorama. Union negotiators and the corporation are due to meet today for talks at the Advisory, Conciliation and Arbitration Service. Labour, Page 10; Editorial comment, Page 24

Ripper appeal

West Yorkshire detectives appealed to teachers to study handwriting samples of the Yorkshire Ripper to see if they can recognise the style. An English teacher in the 1950s will have taught the murderer how to write instead of simply printing and could hold a vital clue to his identity.

Briefly . . .

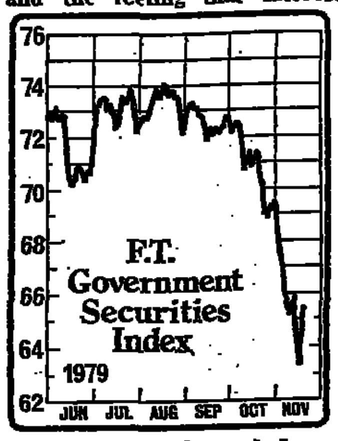
A second case of typhoid was confirmed in South Devon when a 12-year-old girl was admitted to a Torquay hospital.

Cheshire shopkeeper Malcolm West paid a £120 court fine with a cheque written across his chest, *in protest* at being fined for illegal Sunday trading.

BUSINESS

Equities and gilts up again; £ firm

● **GILTS** were again strong affecting overall sentiment. Confidence was aided by the strong pound, *the hope of a cut in* British payments to the EEC and the feeling that interest



rates had reached a peak. Longs gained up to 1¼ points and shorts were up a point. The FT Government Securities Index *rose 1.0 to 65.49.*

● **EQUITIES** had a firm tone, with oil issues particularly strong. The FT 30-share index rose 4.3 to 411.3.

● **STERLING** rose 2.3 cents on high UK interest rates to $2.1820 ($2.1590) and its trade-weighted index improved to 69.8 (69.4).

● **DOLLAR** declined influenced by uncertainties in Iran to DM 1.7610 (DM 1.1770) and SwFr 1.6390 (SwFr 1.6460). Its index fell to 86.9 (86.5).

● **GOLD** was unchanged at $390½ in London.

● **WALL STREET** was ahead 2.30 at 818.00 shortly before the close.

● **BRITISH NATIONAL OIL** Corporation has concluded forward sales of North Sea oil worth £500m to help reduce public sector borrowing. Over 90 per cent of the oil will go to UK refiners. Back Page

● **SWEDISH STUDY** of Soviet oil industry suggests that proved USSR reserves may be twice as great as estimated. Page 2

● **DEMAND FOR NEW** houses has been sharply hit by the reduction in home loans granted by building societies. Page 8

● **GILT-EDGED** stock market could undergo a bullish phase next year, according to City stockbrokers. Page 8

● **A RECORD YEAR** for new life insurance business is forecast by the industry on the basis of figures for the first nine months. Page 8

LABOUR

● **GENERAL AND** Municipal Workers' Union has questioned British Steel Corporation's intentions concerning BSC Chemicals, part of which may be sold to the private sector. Page 10

COMPANIES

● **ANZ BANKING** group made 41 per cent more profits in the year to September 30 at A$107.12m (£55.22m) overtaking the Bank of New South Wales, which earned A$106.8m. Page 31

● **ROLLS-ROYCE** Industrial and Marine Division has won a £28.5m contract to supply a gas turbine power station to Egypt. Page 6

● **M K ELECTRIC HOLDINGS** pre-tax profits in the half-year to end-September were down to £3.6m (£3.9m) due to higher interest charges. Page 26

● **THERMO-SKYSHIPS**, the Isle of Man aerospace company, hopes to raise £3.2m through the issue of 2.56m shares at 125p to finance the pre-production model of a skyship. Page 26 and Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 12pc 1984	£89⅞	+ 1¼
Treas. 11¾pc 03-07	£86¼	+ 2
Akroyd & Smithers	193	+ 13
Assod. Dairies	156	+ 8
Atlantic Assets	138xc	+ 19
Automated Security	182	+ 17
Baker (J.)	157	+ 14
Brocks	68	+ 5
Chubb	106xd	+ 7
GEC	326	+ 6
Glaxo	400	+ 8
Hawker Siddeley	154xd	+ 7
Heath (C. E.)	175	+ 7
IC Gas	583	+ 13
ICI	337	+ 8
Land Secs.	251xd	+ 8½
Lotus Car	36	+ 3
Marshall's Universal	128	+ 10
Mills and Allen	258	+ 11
NatWest Bank	332	+ 12
Scottish Homes Inv.	39	+ 7
Burmah Oil	166	+ 9
LASMO	342	+ 16
Oil Exploration	708	+ 96
Tricentrol	244	+ 12
Viking	610	+ 100
Charter Cons.	158	+ 5
Deelkraal	173	+ 19
Gld. Fd. S. Africa	£24⅞	+ ⅞
Hartebeest	£19	+ ½
RTZ	285	+ 8
Unisel	338	+ 12
FALLS		
Eurotherm	266	− 22
MK Electric	183	− 7
Wallis	44	− 6
EZ Inds.	215	− 10
MIM Hldgs.	150	− 8
Northern Mining	66	− 6
Oilmin	83	− 5
Thiess	366	− 22

BL walkout after shop stewards' leader loses job

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS has dismissed Mr. Derek Robinson, the Longbridge convener and chairman of the shop stewards combine, for "trying to undermine the company's recovery plan." The action prompted a walkout by several thousand workers at the Birmingham factory and could lead to an outbreak of unrest at other plants.

Longbridge stewards last night voted to call an immediate strike and shut the plant until Mr. Robinson is reinstated.

BL said last night that it was fully aware of "the short-term risk" but discipline had to be exercised if the company was to succeed in implementing its rationalisation plan which already had the overwhelming support of the workforce.

The company plans to discipline four senior stewards who put their names to a booklet produced by the unofficial shop stewards combine.

BL Management said it was shocked at the combine's suggestion that workers should stage sit-ins or other tactics to prevent the transfer of work between plants.

BL said any other stewards who publicly identified themselves with the combine's stance would be disciplined.

Mr. Robinson was dismissed because he had been given a warning in March this year after comments he made during a strike by the 18,000 Longbridge workers.

A management statement posted on factory notice boards

Mr. Derek Robinson who lost his job for "trying to undermine BL's recovery plan."

said: "By publishing such a document calling for disruptive action, the people concerned are deliberately undermining the company's recovery programme, threatening both market share and confidence in the company's future. This type of action cannot be allowed to continue."

BL management is aware of the risk of provoking an outcry among the workers but clearly believes the mood is not right for militant opposition.

Whether employees at Longbridge, after yesterday's precipitate walkout, are prepared to mobilise behind Mr. Robinson remains to be seen.

The company can argue that the seven to one majority it gained in the recent ballot of the workforce gives it a mandate to push through the planned plant closures and 25,000 redundancies.

The combine is recognised neither by management nor unions. Mr. Robinson is a member of the Amalgamated Union of Engineering Workers and last night Mr. Terry Duffy, the AUEW president, said a report had been requested from the local union official and the issue would be discussed at today's meeting of the executive council.

The Transport and General Workers Union, which claims 70 per cent of BL membership has pledged to support any worker who opts to resist the rationalisation plan.

Rise and fall of Derek Robinson, Page 10

Shotton steelmen agree to negotiate closure

BY ROBIN REEVES, WELSH CORRESPONDENT

OPPOSITION to closure of iron and steelmaking at the British Steel Corporation's Shotton works on Deeside finally crumbled yesterday when representatives of trade unions at the plant opted to negotiate the best possible severance terms for the 6,500 workers who are to be made redundant.

The decision not to continue resisting BSC's closure ultimatum was a surprisingly meek end to a seven-year fight by the 10,500 workers to maintain Shotton as a medium-sized integrated steelworks, either inside or, a more recent proposal, outside BSC.

A climbdown became virtually certain when the biggest union at the works, the Iron and Steel Trades Confederation, concluded yesterday morning that the majority of its Shotton branches were not behind the anti-closure campaign, and approved immediate negotiations on severance pay and the timetable for closure.

This left only the Transport and General Workers' Union, the second largest, against closure.

Full-time officials of all Shotton unions meeting in the afternoon insisted that the final decision be left to the TUC Steel Committee, which is formally in dispute with BSC over its demand to end steelmaking at Corby, Northants., as well as Shotton.

Corby is still committed to fighting its shutdown, which threatens another 6,000 redundancies.

Shop stewards are due to put a plan for starting industrial action against BSC to a mass meeting of the 11,000 workers tomorrow.

But the Shotton decision makes it far less likely there will be national industrial action against BSC's closure programme, triggered by the Government's insistence on BSC's breaking even financially by March.

BSC wants to start the rundown of iron and steelmaking at Shotton by Christmas, and complete the process by March, leaving only the finishing end of the works intact. This will be supplied with steel from Ravenscraig in Scotland and from South Wales.

Severance payments at Shotton are likely to be large. They will take into account an earlier BSC commitment to maintain steelmaking at the works "at least until 1982."

Figures as high as £30,000 for long-service employees have been mentioned.

Continued on Back Page

Ezra warns miners over pay

BY ALAN PIKE, LABOUR CORRESPONDENT

THE NATIONAL Coal Board would find it "quite impossible" to increase its 20 per cent pay offer, which union leaders have rejected, without jeopardising the prospects of everyone in the *industry, Sir Derek Ezra*, the NCB chairman, said yesterday.

Sir Derek gave his warning in an open letter to Mr. Joe Gormley, president of the National Union of Mineworkers, in advance of tomorrow's meeting of the union executive. This has to decide whether the offer, which the NUM negotiators unanimously rejected last week, should be put to a ballot of members.

This rejection was reinforced by Scottish miners at a delegate conference in Edinburgh yesterday.

Sir Derek warns in his letter that the recent agreement between the Coal Board and the Central Electricity Generating Board, under which the CEGB will take 75m tonnes of coal for each of the next five years, provided prices do not increase beyond the general rate of inflation, could already be at risk.

"I have to say that in our wage negotiations we have gone so far that we are in danger of having to default on that arrangement in the first year of its operation. If we do, the CEGB will be free to add to its imports of coal."

Scots delegates reject offer, Page 10

Sterling at highest level for two months

By Peter Riddell, Economics Correspondent

STERLING rose sharply yesterday against all major currencies to reach its highest levels for about two months.

In part this was a response to the renewed weakness of the dollar but the pound also gained compared with the main Continental currencies. Its trade-weighted index, measuring its average value against a basket of other currencies, rose by 0.4 points to 69.8 after a day's high of 69.9. This represents a rise of 3.1 per cent since last Thursday's monetary measures.

The pound jumped 2.3 cents against the dollar to $2.1820 after touching a high of $2.1920. This is a gain of 6.85 cents since last Thursday morning.

Float

There was widespread selling of the dollar yesterday morning, mainly in reaction to further uncertainty about the Iranian situation and the use of the dollar for oil payments.

The U.S. currency picked up a little later in the day but trading remained erratic. At *one stage the dollar fell to* DM 1.7610, its lowest level in the six weeks since the Volcker package, compared with DM 1.770.

Apart from the influence of the weak dollar, sterling has also benefited from last week's sharp rise in UK interest rates.

The authorities in London remain committed to a fairly free float for sterling. Any rise in the pound is regarded as a by-product of a tight monetary policy adopted for domestic reasons.

The City financial markets yesterday continued to take a favourable view of last Thursday's measures. Long-dated gilt-edged stocks rose by £2¾ at one stage, although later profit-taking limited the gains to £1½ after normal trading hours. Short-dated stock closed £1 up after earlier rises of £2.

If these gains are maintained the new £800m 1985 stock should be heavily subscribed when tenders close on Thursday.

Bullish brokers, Page 8
Money markets, Page 33
Lex, Back Page

£ in New York

—	Nov. 16	Previous
Spot	$2.1630-1650	$2.1485-1505
1 month	0.62-0.52 dis	0.55-0.50 dis
3months	1.02-0.92 dis	1.00-0.95 dis
12 months	3.75,3.60 dis	3.75-3.50 dis

Giscard takes tough stand on UK cash

BY REGINALD DALE AND RICHARD EVANS

ON the first day of the London bilateral talks yesterday President Valéry Giscard d'Estaing of France made clear to Mrs. Margaret Thatcher that she could expect little help from France in her campaign to cut the UK's net contribution to the Common Market Budget by more than £1bn next year.

Without a significant shift by the French toward reform of the Budget, the outlook for Mrs. Thatcher at the Dublin EEC summit at the end of the month appears tougher than ever.

After a meeting between the two leaders and a plenary session with senior colleagues, neither side appeared to have modified its views on the major issues causing friction in the Community.

M. Giscard, while accepting that there was a problem concerning the Budget for the Community as a whole, gave the impression that he thought Britain had greatly over-emphasised her case.

On lamb imports, which the French continue to ban in spite of a ruling by the European Court, there was also no concession.

So the Prime Minister will enter the Dublin summit on November 29 and 30 still insisting that Britain's Budget contribution must be brought into "broad balance," while the French will oppose the move more aggressively than ever.

The Government's view remains that broad balance over the Budget must still be the target, and Dublin must still be the deadline.

One specific outcome of the first day's talks at 10 Downing Street was a refusal by the Prime Minister to agree to link the issue of the Budget with other bargaining counters, such as Britain's oil reserves or a common fisheries policy.

The two-day Anglo-French summit, latest in the regular series of high-level consultations between the two Governments, has assumed added significance in the light of toughening French opposition to UK demands.

A last-minute French initiative to solve the problem in Dublin still cannot be ruled out, but so far the French have been the most reluctant of the Nine to admit the extent of the UK's problem.

As well as rejecting any package deal under which a reduction in the UK budgetary contribution might be linked with concessions on common fisheries or lamb and mutton policies, Ministers were also firm in opposing suggestions that Britain might offer preferential North Sea oil prices to EEC countries, or slow the pace of price increases.

The Anglo-French summit, attended by a strong team of Ministers on both sides, is covering a wide range of policy issues, including defence and arms control, East-West relations, energy and oil supplies, the Middle East, and Anglo-French industrial co-operation.

EEC partners favour UK budget share cuts

BY GUY DE JONQUIERES AND MARGARET VAN HATTEM IN BRUSSELS

BRITAIN'S EEC partners indicated yesterday that they are prepared to make cuts in its mounting net contribution to the Community budget, at next week's meeting of heads of government in Dublin. Reductions they appear willing to consider are, however, substantially less that the British Government has said it will insist on.

Several delegations also made plain, after a meeting of EEC Finance Ministers here yesterday, they would seek to attach strings to any budget deal. They appeared ready to insist that the UK should, in return, make politically significant concessions on a range of other contentious issues, such as North Sea oil policy, fisheries and lamb.

A consensus appeared to be emerging at the meeting here that the British should be offered limited refunds on their net budget contributions through a modification of the so-called corrective mechanism agreed when Britain renegotiated its EEC membership in 1974-75.

Several EEC Ministers expressed willingness to consider relaxing the strict conditions in

Continued Back Page

CONTENTS

For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Missiles plan has roused strong opposition in Norway and Denmark

Scandinavians play a waiting game

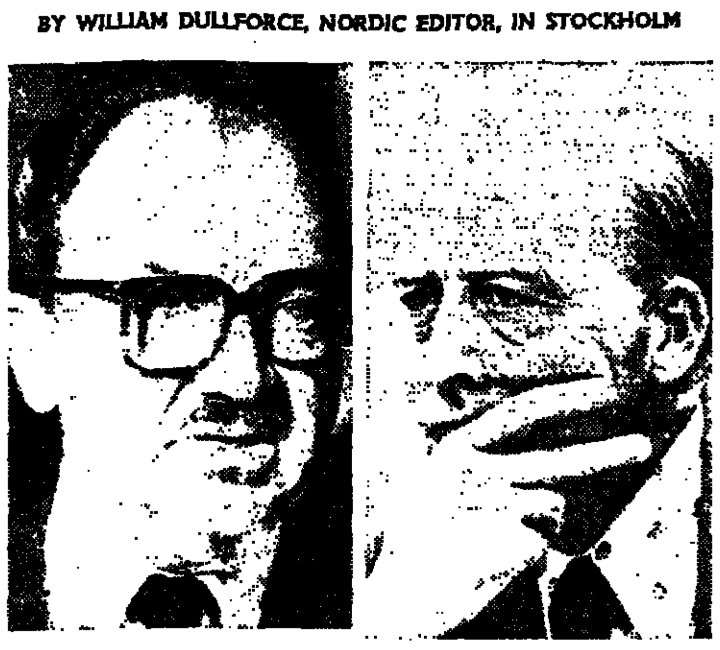
BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

NATO'S PLAN to station new nuclear weapons in Western Europe has put the minority Social Democratic governments on its Northern flank into a political quandary. *NATO is* calling for a unanimous vote by all members of the Alliance in favour of the installation of 572 Pershing 2 and Cruise missiles in Western Europe. But Danish and Norwegian Ministers are only too aware that substantial minorities within their own parties oppose the so-called theatre nuclear force modernisation programme.

Many MPs, including some cabinet members, sympathise with the position taken by the Dutch Labour Party, that an offer to negotiate new arms control measures in Western Europe should be made to the Soviet Union before NATO decides to modernise its nuclear stockpile. In interviews in both Danish and Norwegian newspapers, Mr. Joop den Uyl, the Dutch Labour Party leader, has reproached the Scandinavians for letting down their Dutch colleagues. His remarks have gone home.

The Social Democrat leaders in both Copenhagen and Oslo are waiting uneasily to see whether full-scale anti-nuclear modernisation campaigns develop within their countries. Mr. Anker Joergensen, the Danish Prime Minister, has asked his party's MPs not to express their views publicly before the debate on modernisation, scheduled to take place in the Folketing (Parliament) on November 27.

Opposition to NATO's nuclear programme has been well ventilated in the media in both countries. Prominent figures have signed letters urging their governments not to vote for modernisation when the NATO foreign and defence ministers hold their crucial council meeting next month. But no campaign has yet evolved on the scale of that against the neutron bomb last year.



Prime Minister Anker Joergensen (left) and Odvar Nordli: seeking to avoid splitting their parties.

Both parliaments contain clear majorities, embracing most non-socialists and the bulk of the Social Democrat MPs in favour of support for modernisation. Between 15 and 20 of the 69 Danish Social Democrat MPs might join the 40 or so left-wingers and Radical Liberals in the 179-member Folketing in voting against modernisation. The Norwegian Government can count on the votes of at least 110 of the 155 Storting members in favour of modernisation.

However, neither Mr. Joergensen nor Mr. Odvar Nordli, the Norwegian Prime Minister, can afford a *confrontation which would split his* party. Mr. Joergensen's new Cabinet, formed after last month's general election, is battling to get a tough economic recovery programme approved. In Norway, Mr. Nordli is striving to present an image of decisive government, with a Cabinet reshuffled after his party's setback in the *September local elections.*

The Scandinavians are the odd men out within NATO. They joined the Alliance at its inception in 1948 on the understanding that they would not be expected to station atomic weapons or foreign bases on their territories during peacetime. This standpoint has always been accepted by the other NATO members.

It is also an important element in the so-called Nordic strategic balance, in which Denmark and Norway belong to NATO, while Sweden is neutral and Finland is tied by a friendship and co-operation treaty to the Soviet Union. Any proposal *to deploy nuclear weapons in* Norway or Denmark could provoke a Cuban missile crisis in reverse, with the Soviet Union reacting as violently as the Kennedy Administration did, when the Russians started to deploy missiles in Cuba in 1962.

The Scandinavians are not, therefore, being asked to accept deployment in their territories *of the new Pershings and* Cruise missiles, although they will make small contributions to the infrastructure costs, which will come out of a common NATO fund. But the *Danish* and *Norwegian* governments cannot opt out of the nuclear modernisation decision, because of the stipulation that it must be unanimous.

On their return from the NATO defence ministers' meet*ing in The Hague last week*, both Mr. Poul Soegaard, the Danish Minister, and Norway's Mr. Thorvald Stoltenberg were careful to spell out that their governments had not yet committed themselves. The official argument for this delay is that it would be inappropriate for Denmark and Norway to announce their standpoints *before those NATO countries* which have been asked to accept the installation of the new missiles, have declared themselves.

In practice this means that the Scandinavians are waiting for the Dutch. There is no doubt that the Danish and Norwegian ministers' statements at the December council meeting will be coloured by the final position taken by the Netherlands, but this does not necessarily mean that the Scandinavians would join the Dutch in voting against modernisation.

First, public opinion within the two countries is strongly pro-NATO, even though most Danes and Norwegians worry about the escalation of nuclear *weaponry* in Europe. The Social Democrat Governments cannot afford to lay themselves open to charges of *being* "soft" *on* defence issues.

Second, both Danish and Norwegian ministers feel that it would be inconsistent to veto the NATO modernisation programme when their countries rely on the NATO nuclear umbrella and yet are not being asked to receive nuclear weapons.

On the other hand, the Scandinavians are likely to seize *on any credible modification of* the NATO modernisation plan which the Dutch may be able to persuade other NATO members to accept. The *Danish Minister*, Mr. Soegaard, expressed sympathy last week for the Dutch effort to secure a reduction in the number of new missiles to be deployed.

At the same time, he described as unrealistic the Dutch proposal that NATO should decide on the construction of the new missiles, but postpone a decision on their deployment. The U.S. Congress could not be expected to authorise finance for the $4bn missile programme, if deployment in Europe was in doubt.

Both the Danish and Norwegian *Governments* set great store by the arms control proposals which NATO is expected to offer the Russians next month at the same time as it decides to go ahead with nuclear modernisation. The Scandinavians also insist that the three-four year period between the go-ahead decision and the actual installation of the new missiles must be used to the full in order to hold genuine East-West negotiations on arms *control within Europe.*

Three of the five points which the Norwegian Foreign Minister Mr. Knut Frydenlund, told the Storting would form the framework for his Government's attitude to NATO nuclear modernisation concerned arms control talks. NATO had to respond to the signals sent out by the Soviet President, Mr. Leonid Brezhnev, in his speech in East Berlin on October 6, and in his follow-up letters to the NATO heads of government, *Mr. Frydenlund* stipulated.

Estimate doubles Soviet proven oil reserves

BY RAY DAFTER, ENERGY EDITOR

A NEW study of the Soviet oil industry* suggests that the USSR's proved reserves may be twice as large as generally con*sidered in the West.*

The underestimation of the Soviet Union's oil producing *potential* is so large, the report claims, that the world's oil reserves must be revised upwards by an amount equalling the combined proved reserves of the U.S., Canada and Mexico.

PetroStudies of Malmo, a Swedish oil research company, believes that the USSR, and not Saudi Arabia, has the world's largest proved reserves of oil. Last year, it is claimed, these reserves—excluding tar sands and oil shale—stood at over 150bn barrels, or more than four times the reserves of the United States.

By comparison, the widely-quoted BP Statistical Review of the World Oil Industry and the Oil and Gas Journal's annual survey of the oil industry put *Soviet proven* reserves at 71bn barrels. PetroStudies claims, however, that Western estimates have been uncertain because the USSR has not disclosed any absolute figures for its total explored oil reserves since the *Second World War*.

PetroStudies maintains that the USSR has been downplaying the amount of its discoveries for the past 20 years. This practice appears more to be a result of peculiarities in the Soviet *system of worker* incentives than a deliberate policy to mislead domestic and foreign public, it says.

The Soviet Union has already established itself as the world's leading oil producer. Its current output is about 11.9bn *barrels* a *day against* Saudi Arabia's 9.5m b/d.

The main conclusion of PetroStudies' report is that the Soviet Union has all the reserves it needs to expand production throughout the 1980s. In contradicting U.S. Central Intelligence Agency reports that the USSR will soon become a net *importer of oil*, PetroStudies concludes: "On the contrary, the Soviet leadership has a long-term policy to increase oil exports to the West—particularly refined oil products—in order to earn enough hard currency to buy *more* Western *industrial* equipment, advanced technology, and agricultural products."

* *"Soviet Proved Oil Reserves, 1946 - 1980," PetroStudies, Sjöblads väg 27, S-21370, Malmö, Sweden.*

Trial power cuts planned in Italy

BY RUPERT CORNWELL IN ROME

ENEL, THE Italian electricity authority, this week begins a nationwide series of brief "trial" *blackouts designed as a* dress rehearsal for the real thing this winter—and likely as early as next month.

The cut-offs, which will hit ordinary users of electricity in the next few days, will last only three minutes each on average.

But they are the forerunners of a plan for 90-minute blackouts rotating across 20 zones *of the country within* the coming weeks, should, as seems highly likely, demand *for* power outstrips available supply at peak hours.

The first of these is expected shortly before Christmas, but ENEL hopes to lessen the inconvenience by advance warning, and has already prepared the ground with a heavy advertising campaign.

That Italy should find itself in such a plight reflects not so much a shortage of oil, which powers the bulk of ENEL's stations, as delays in building new *ones, and a failure to cut down* on energy use.

Despite warnings, and an international pledge by the Government to cut consumption by 5 per cent in 1979, electricity used rose more than 3 per cent in the first eight *months of this* year.

The Government's modest energy saving plan, presented *in September, has become* bogged down in Parliament, and if it ever takes shape it is likely to do so only in a highly reduced fashion.

At the same time, his increasingly delicate political position makes it difficult for Sig. Francesco Cossiga, the Prime Minister, to push through any effective package.

Meanwhile, even a scaled-down programme of nuclear power station construction between 1980 and 1985 has become bogged down in a morass of bureaucratic, environmentalist and political problems. Even the one full-scale nuclear station in operation, the 850MW unit a Caorso near Piacenza, has been temporarily shut down for technical reasons.

However, ENEL's difficulties have been increased by delays in securing adequate quantities of diesel and home heating oils this winter. Householders have *invested massively in small* home electrical heaters which represents a threatening extra burden on existing capacity should the winter turn particularly cold.

The authority admits its best hope of averting disruption, which would almost certainly have an adverse impact on industrial output, is that the first real blackout will induce voluntary savings which make forced cut-offs less necessary.

Dublin summit to study EEC electronics strategy

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission will submit proposals for integrating and developing member states' electronics industries to EEC heads of government when they meet in Dublin at the end *of next week.*

The 13-member Commission has recently approved a strategy for the community's electronics industries, prepared by Viscount Etienne Davignon, the Industry Commissioner, to ensure that by 1990 the EEC will have gained a third of the world market for electronic equipment.

The Dublin summit of the European Council will discuss the strategic guidelines laid down in M. Davignon's report, as heads of government must back the plan if national obstacles inside the EEC are to be removed.

A unified community electronics industry demands that the welter of national standards and regulations that currently fragment the sector be reduced to an EEC norm. National development programmes, according to the Commission proposals, should also be closely linked.

M. Davignon's report also stresses that with 35 per cent of the world's computer-related purchases accounted for by European public sector requirements, the establishment of preferential conditions that favour the EEC industry is a priority.

The Commission plan also underlines the point that a determined bid to streamline and integrate the electronics industries in the EEC must be seen as part of overall efforts to restructure European industry and redeploy manpower.

The proposal calls for a "great debate" between governments, unions and employers on the social aspects of the programme.

Swiss tourism shows signs of recovering

By John Wicks in Zurich

SIGNS OF recovery in Switzerland's tourist industry appear in the latest report of the Swiss Tourism Federation, covering the summer months May to September. Tourist volumes were considerably lower than in 1978 up to July, according to the Berne-based organisation. But they stabilised in August and improved in September, thanks to good weather.

For the five-month period, hotels saw their trade decline by 3 per cent compared with the corresponding summer months of last year. A 3 per cent increase in domestic custom helped to offset a decline of 8 per cent in foreign visitors.

In September alone, however, the figures were 8 per cent above 1978 levels for Swiss residents and 5 per cent up for foreign tourists.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

France's payments surplus tumbles

By Terry Dodsworth in Paris

FRANCE'S BALANCE of payments surplus was sharply reduced in the last quarter, although the current account remained in surplus on the basis of the seasonally adjusted figures.

Statistics published by the Economics Ministry for the July-September period show a surplus of FFr 505m (£56m) for the period, compared with FFr 3.2bn (£355m) in the previous three months and FFr 2.5bn (£277m) in the first quarter of the year.

On the basis of the uncorrected figures, the third quarter produced a deficit of FFr 2.4bn, against a surplus of FFr 7.2bn and FFr 998m in the previous two quarters.

The payments figures have clearly been affected by the setback which France has experienced on its foreign trade account. This slipped into a deficit of FFr 3.8bn in the third quarter.

This in turn was largely due to an increase in the cost of oil imports, caused both by price rises and a policy of building up stocks.

Services, on the other hand, are continuing to bolster the payments account, throwing up steady surpluses.

Air controllers call a halt to disruption

By David White in Paris

FRENCH AIR traffic controllers voted yesterday to suspend their three-week-old disruption campaign, but threatened to take further action if the Government did not respond immediately by accepting negotiations.

The decision by employees at the country's main control centre, at Athis-Mons near Paris Orly airport, was aimed at placing the onus on the Transport Ministry for finding a way out of the dispute.

The Ministry has up to now stood firm against discussing the strikers' claims, which centre on staffing levels and working conditions.

Controllers have been refusing take-off clearance for periods varying between three and 11 hours every day. There is a threat to resume the action tomorrow if there is no breakthrough in the impasse between Government and unions.

Tempers rose at the weekend after 12 air traffic controllers, at Athis-Mons and Bordeaux, were laid off as a result of the dispute.

In a message sent to President Valery Giscard d'Estaing, on the aircraft in which he was returning to Paris from south-west France on Saturday the controllers warned that punitive measures against them could provoke "a short-term disaster in civil aviation."

ROMANIAN COMMUNIST CONFERENCE

Ceausescu urges Sino-Soviet accord

BY ANTHONY ROBINSON IN BUCHAREST

THE CULT of personality which characterises the Romanian brand of nationalistic communism was heavily underlined at the opening of the 12th congress of the country's Communist Party yesterday.

President Nicolae Ceausescu spoke for nearly six hours interrupted by frenetic applause and chants of "Ceausescu our hope and pride" and similar slogans from assembled delegates, including many women in national costume.

The carefully stage-managed atmosphere inside the congress hall and heavy police patrols in the streets outside reflected the fact that Romania's independent foreign policy and rapid industrialisation policies are backed up by rigid party orthodoxy and an omnipresent security apparatus.

Despite the length of the speech, Mr. Ceausescu had little fresh to add in the way of policies except to emphasise greater fuel economy and self-sufficiency at home and a deliberately low-key definition of the Soviet Union as Romania's "big neighbour."

President Ceausescu—a six-hour speech.

While pledging formal loyalty to the Warsaw Pact and Comecon, the Romanian leader emphasised that "the unity and solidarity of the Socialist countries" could be established only "on the basis of the principles of scientific Socialism, equality and mutual respect, non-interference in internal affairs and mutual advantageous co-operation."

He singled out the need for disarmament as the most important objective of mankind and recommended all nations to follow Romania's recent action. Romania has reduced its arms budget this year, in defiance of the Warsaw Pact summit's call for higher defence budgets and has diverted the funds to increase child allowances. Even such symbolic measures were better than none, the President said.

He made an appeal to both Russia and China, whose respective delegations were carefully placed at opposite ends of the central podium, to compose their differences in south-east Asia through negotiations rather than force. He added that this would be of greater political significance and would raise the prestige of Socialist countries throughout the world.

The first third of Mr. Ceausescu's speech was devoted to economic matters. He outlined plans for continuing heavy investment of around 30 per cent of gross national products, slightly lower than the 33 per cent of the current five-year plan, and average industrial growth rates of between nine and 10 per cent.

Average real incomes over the next five-year plan would be restrained to 3-3.4 per cent, although Mr. Ceausescu promised that consumer goods output would rise by 60 per cent.

He emphasised the need for more joint ventures and third country co-operation with western firms and singled out the aerospace and nuclear engineering industries as special growth areas.

The British Aircraft Corporation and Rolls-Royce are both heavily involved in developing the aerospace industry. The BAC 1-11 is being built in Romania under licence. and Romania and Yugoslavia have a joint military aircraft project using Rolls-Royce engines.

Fire losses show big rise over four years

By John Wicks in Zurich

LOSSES OF some SwFr 8.09bn (£2.25bn) were incurred in major fires around the world between 1975 and 1978, according to a report issued by Swiss Reinsurance Co. This compares with damage of only SwFr 5.07bn (£1.4bn) in the preceding four-year period.

There has been a marked rise in explosions as the most important known cause of fires, says the Swiss study. The 1971-74 figures show that 30.1 per cent (by value) of major fire losses were caused by explosions. This rose to 36.1 per cent over the past four years. At the same time, electricity is given as a known cause in only 15.8 per cent of the cases (in value terms) in 1975-78, but 21.7 per cent in 1971-74. The share of losses resulting from arson stayed unchanged at about 21 per cent.

Over the whole eight-year period, Swiss Reinsurance says that most fire disasters occurred in Europe.

However, Europe's position in the list of major fire locations dropped in terms of loss value from almost 60 per cent in 1972 to under 45 per cent last year. On the same basis, North America's share in 1978 was 25.1 per cent, against 14.3 per cent in 1972. "Other areas" accounted for 30.4 per cent compared with 6.2 per cent in 1972.

The biggest fire losses since 1971 were Ford's spare parts store in Cologne in 1977 (SwFr 354m), a customs warehouse fire in Julfa, Iran, in the previous year (SwFr 350m) and a factory fire in Mainz in 1971 (SwFr 191m). Fourth on the list is the Flixborough chemical plant catastrophe in Britain in 1974, with a fire loss of SwFr 149m.

Demirel pledges tough action against terrorism

BY METIN MUNIR IN ANKARA

TURKEY'S NEW Prime Minister, Mr. Suleyman Demirel, yesterday promised to pursue a tough policy towards the rampant terrorism which is claiming dozens of lives every month.

"My government believes that the country's principal problem is the security of life and property and reinstituting peace and serenity and law and order," he told Parliament.

Presenting his minority government's programme, he said he will ask Parliament to support a series of laws to cope with terrorism. He will move to introduce a state of emergency Act, institute special courts to try terrorists and amend the Acts regulating the activities of trade unions and associations.

Such a course is bound to bring him into conflict with Mr. Bulent Ecevit, the former Premier, and the Turkish left wing.

Although he dealt with the economy at some length, Mr. Demirel was not specific about the way he intended to deal with the depression now in its third year. However, he hinted that he might pursue an expansionist policy and resort to new borrowing. These are policies which could lead to disagreement with the International Monetary Fund and Turkey's other creditors.

"I believe that the great financial resources which have accumulated in the petroleum exporting countries and international banks can be transferred to Turkey in a regular manner and be placed at the disposal of our development."

Mr. Demirel also repeated a promise made by all Turkish Governments though none has kept it—to open the country to foreign capital.

"I consider it imperative that we benefit from foreign capital for the development of the country," he said. "I am determined to remove the bureaucratic obstacles which hinder or halt the flow of foreign capital."

Tanker fires still raging

ISTANBUL—Maritime officials warned yesterday that the fire raging aboard the Romanian tanker Independent in Istanbul harbour could continue burning for a month. Intense heat and smoke have prevented firemen assessing accurately the danger of an explosion, but the officials aid the likelihood appeared to be receding.

Mr. Muzafer Yilmaz, head of the port authority, said about a third of the crude oil carried by the 88,690-tonne tanker had burned. The badly holed tanker has been ablaze since Thursday when it was in collision with the 5,298-tonne Greek freighter Evriali. More than 40 of the tanker's crew are still missing.

The tanker is burning fiercely close to a breakwater near Istanbul's main railway station. Coastguard and navy fire-fighting boats are spraying a large oil slick with chemicals and have laid down floating barriers to contain it.

The captain and officers of the Evriali were charged yesterday with criminal negligence in connection with the collision. Reuter

Gromyko in Spain to press for closer links

BY ROBERT GRAHAM IN MADRID

THE SOVIET Foreign Minister, Mr. Andrei Gromyko, arrived here yesterday for a three-day visit, the first by a Soviet Foreign Minister to Spain.

Madrid established diplomatic relations with the Soviet Union (broken since the Civil War) in February, 1977. But the two sides have taken their time about raising the dialogue at ministerial level.

The Soviet Union has been keener to push the pace, anxious to ensure that Spain does not commit itself to NATO, but acts more as a non-aligned power within Europe. Moscow has noted with interest the upsurge of Spanish diplomatic activity in Latin America and moves to strengthen ties with Cuba and the non-aligned movement.

No direct reference has been made about Spanish membership of NATO but when the Spanish Foreign Minister visited Moscow earlier this year, Mr. Gromyko underlined that the Soviet Union would like to see Spain follow a "peaceful" international policy. At the non-aligned summit in Havana in August, General Fidel Castro, the Cuban leader, was more explicit. He warned Spain against joining NATO—a warning that prompted a formal diplomatic rebuke.

One of the principal themes during Mr. Gromyko's visit will be Spain's hosting in 1980 of the next stage of the European security conference. The Soviet Union is keen to take an active part in its preparation.

The Middle East is also expected to be an important topic, given Spain's attitude to the Palestine Liberation Organisation—regarded as "constructive" by Moscow. The two sides will also cover the question of increasing trade. In the first six months of this year Spanish exports to the Soviet Union were worth $119m, while imports reached $72m.

Finally, the Soviet Union is anxious to fix a firm date for King Juan Carlos to make an official visit to Moscow. The invitation has been outstanding for several months. The Kremlin regards the visit as of symbolic significance.

The Spanish, for their part, are likely to continue being cautious towards the USSR. The majority of the Government retains a profound suspicion of Moscow. Already, since diplomatic relations were suspicion of Moscow. Already established four Soviet citizens have been expelled for spying activities.

Bonn ready for talks on missiles, Brezhnev told

BY JONATHAN CARR IN BONN

THE WEST German Chancellor, Herr Helmut Schmidt has written to President Leonid Brezhenv, the Soviet leader, underlining Bonn's interest in an early start to East-West negotiations on limitation of intermediate range nuclear missiles.

The letter, which was handed over in Moscow at the weekend, is in reply to one from Mr. Brezhnev to NATO heads of government elaborating on his East Berlin speech which contained wide-ranging proposals on arms limitation.

Herr Schmidt's response, the contents of which were discussed in advance with Bonn's allies, comes on the eve of a visit here by Mr. Andrei Gromyko, the Soviet Foreign Minister, when arms limitation is expected to be a key issue.

The West German letter is seen as a further effort to underline the readiness of Bonn and NATO for serious talks on arms limitation—even though NATO is likely to decide next month on production of intermediate range missiles as a partial response to the Soviet threat in this field.

Bonn stresses that NATO should not only decide on missiles production. It must also take up formally Mr. Brezhnev's offer to negotiate on the intermediate range missile problem.

Herr Schmidt's letter underlines that both elements of the decision facing NATO—production and arms limitation negotiations—are of equal importance.

Reuter adds from Berlin: The Soviet Union would be ready to negotiate arms controls with the West even if NATO votes next month to deploy new missiles, a senior Kremlin official said in an interview published yesterday.

Optimism on Irish growth

BY STEWART DALBY IN DUBLIN

ALLIED IRISH BANKS, Ireland's second-largest clearing bank, has published slightly more optimistic projections for the economy than other forecasters.

In the bank's latest quarterly bulletin, it predicts growth this year will amount to 3.5 per cent. This compares with the 2.5 per cent predicted by both the Central Bank and the Economic Social Research Institute, but is still below the Government target for growth of 4 per cent this year.

In what amounts to the first set of forecasts for 1980, the bank says it thinks Ireland's economy could grow by 3 per cent next year. It bases this on the fact that investment has been high, and that the trade imbalance, which others have put at over I£1bn (£976m), will improve by December 31. However, it does assume that the oil import bill will not rise substantially, and that the Government will not be too deflationary in its next Budget, due around the end of January.

COMPANY NOTICES

WESTERN MINING CORPORATION LIMITED

To the Holders of:

U.S. $15,000,000 9¾ per cent. Notes 1982 (the "Notes")

and

U.S. $50,000,000 9 per cent. Bonds 1992 (the "Bonds")

Further to the notices to holders of the Notes and the Bonds which appeared in the Financial Times on 6th April and 9th October, 1979 respectively, the Board of Directors of Western Mining Corporation Limited (the "Corporation") announces that the Scheme of Arrangement became effective on 19th November, 1979 pursuant to which Western Mining Corporation Holdings Limited ("Holdings") has become the holding company of the Corporation and its subsidiaries. As a result, the Supplemental Trust Deeds (referred to in the above-mentioned notice of 9th October, 1979) became effective on 19th November, 1979 under which, inter alia, Holdings has guaranteed the obligations of the Corporation under the Notes and the Bonds and has entered into certain further covenants.

Copies of the Supplemental Trust Deeds and the Scheme of Arrangement are available for inspection by holders of the Notes and the Bonds at the specified offices of the Paying Agents.

DATED 20th November, 1979

WESTERN MINING CORPORATION LIMITED

I.U. OVERSEAS FINANCE N.V.
9% GUARANTEED BONDS DUE 1983

S. G. WARBURG & CO. LTD. announce that the redemption instalment of Bonds due 15th December 1979 for a nominal value of US$1,000,000 has been met by purchases in the market.

US$25,000,000 nominal amount will remain outstanding after 15th December, 1979. 20th November, 1979.
30, Gresham Street,
London, EC2P 2EB.

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of all the Debenture Stocks of the Company will be closed on 4th December, 1979, for one day only for the preparation of the Warrants for interest payable on 1st January, 1980.

The Transfer Books of the 2.8% (formerly 4%) Redeemable Preference Stock 1979 will be finally closed on 4th December, 1979, for the Dividend payable on 1st January, 1980.

Dated this 20th day of November, 1979.
W. A. COSGROVE,
Secretary.

Blackwell House,
Aldenham Road,
Watford,
Hertfordshire, WD2 2EY.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
ENTERPRISE EXPRESS (SHIPPING) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 27th day of November 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 12th day of November 1979.
By Order of the Board,
MICHAEL A. WISE, Director.

EXHIBITIONS

THE SOMERSET HOUSE ART TREASURES EXHIBITION, Somerset House, Strand, London, WC2R 1LF. 22 November to 9 December (Private View 21 November). Weekdays 10.00 am-7.00 pm. Sundays 12 noon-6.00 pm. Admission £2.50 including illustrated handbook.

TRAVEL

GEVENA, Basle, Zurich and Berne, widest range of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191. Telex 919087.

Iran 'will stop using dollar'

BY OUR FOREIGN STAFF

TWO IRANIAN Ministers yesterday maintained that the dollar would no longer be accepted for oil or used to pay for imports. Dr. Reza Sadr, the Commerce Minister, quoted by the official news agency, said that Iran was planning to halt the use of dollars for the payment of its imports. Mr. Abol-Hassan Bani-Sadr, the Minister of Finance and Economic Affairs, said that non-acceptance of the dollar by oil exporters would help to change the world monetary system.

"Oil money," Mr. Bani-Sadr said, "is what supports the dollar as a world currency . . . replacing the dollar with a basket of non-dollar currencies is the real way to put an end to dependence."

In Vienna, a spokesman for the Organisation of Petroleum Exporting Countries declined to comment on the Iranian proposal. In London, both British Petroleum, which used to be a major lifter of Iranian oil, and Shell said they had not received notification of any change in oil payments out of the dollar.

When Mr. Bani-Sadr expressed similar views last week, they were countered by Mr. Ali Akbar Moinfar, the Oil Minister, who said that no decision about payments for oil in currency other than the dollar had yet been made.

Mr. Moinfar said yesterday that Iran's oil production would not be reduced following the cut-off of exports to the U.S. He said that average crude oil production last month was 3.6m barrels a day, of which domestic demand accounted for 700,000 b/d. However there were reports that actual production levels were closer to 3m b/d.

Meanwhile, the first three hostages to be released of the 70 held in the U.S. embassy in Tehran arrived at Copenhagen airport yesterday. They were immediately transferred to a U.S. military plane which then left for Frankfurt.

The official news agency yesterday reported that saboteurs had blown up, over the weekend, a pipeline carrying oil to Khuzestan, the centre of the country's oil production.

James Buchan adds from Jeddah: The U.S. is again seeking Saudi Arabia's help to create an avenue for negotiation with Iran. Mr. Herman Eilts, the former U.S. ambassador to Egypt, met Crown Prince Fahd in Jeddah on Sunday night. The Crown Prince is understood to have told him that Saudi Arabia lacks the means to influence Iranian decisions.

Miners get tough new leader

By Stewart Fleming in New York

MR. SAM CHURCH, described as a "tough and aggressive former miner," has succeeded to the presidency of the troubled United Mine Workers' Union. This follows the resignation last week of the ailing and increasingly ineffectual Mr. Arnold Miller, who recently suffered a heart attack.

The change in leadership is likely to have a significant impact on the union, at least at its headquarters. Mr. Miller was elected president in 1972 when Mr. W. A. "Tony" Boyle was unseated. Mr. Boyle was subsequently convicted of having had a part in the murder of one of his rivals for the presidency of the union, Mr. Jock Yablonski, who was killed in 1969 along with members of his family.

It was hoped then that Mr. Miller would usher in a new era for the union. But he proved a poor leader and administrator. Divisions at the top of the union, and the uncertain hand Mr. Miller brought to wage negotiations in 1977 and 1978, are cited as contributing to the damaging 3½-month coal miners strike in that year.

● Steelworkers at United States Steel's American Bridge division have voted to fight the company's proposals to impose a wage freeze, even though the giant steelmaker has warned that the division could be closed because high labour costs are making the plants uncompetitive.

Members of the Steelworkers' Union voted by a wide margin against the proposal, in the face of a recommendation from Mr. Lloyd McBride, the union president, that they accept a three-year limitation on their wages.

U.S. Steel's move could drive a wedge between the 100,000 steel workers in fabricating plants and the 400,000 workers in basic steel. The company's objective appears to be to establish lower pay levels at fabricating plants.

Bush makes strong showing in Florida

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. GEORGE BUSH is beginning to make a surprisingly strong showing in his attempt to become the Republican Party's presidential candidate, and is threatening to usurp Senator Howard Baker's position as leader of the "moderates."

Over the weekend, Mr. Bush, the establishment figure with roots in both Texas and Connecticut, finished a very respectable third in a Republican straw poll in Florida. His 21 per cent of the non-binding poll compared with 36 per cent for Mr. Ronald Reagan and 26 per cent for Mr. John Connally, but far outstripped Tennessee's Mr. Baker, who received less than 1 per cent.

This is the third time Mr. Bush has beaten Mr. Baker in these informal and early tests. His earlier victories were in Iowa and Maine, the latter thought to be a Baker stronghold.

The reason for his success is that his organisation is much superior to that of the Tennessee Senator, whose campaign was officially launched only three weeks ago.

The intriguing thing about Mr. Bush is that he is nothing like as moderate as he is popularly believed to be. His speeches are as conservative as Mr. Reagan's were before he sought to make himself acceptable to a broader political spectrum than the narrow right.

Mr. George Bush

● President Jimmy Carter, as predicted, easily outpolled Senator Edward Kennedy by 74 to 23 per cent in the Florida Democratic straw poll on Sunday. The victory had been assured by party caucuses last month.

Irish aid body charged

By David Buchan in Washington

THE Justice Department has charged a New York-based organisation, the Irish Northern Aid Committee (Noraid) with failing to identify the Provisional wing of the Irish Republican Army as one of its "foreign principals."

The department's allegation, filed two weeks ago, is an amendment to a long-standing suit against Noraid, claiming the organisation had not properly identified the recipients of its aid in Northern Ireland, as required under the Foreign Agents Act.

Noraid countered last week by saying that the department was linking it with the Provos for political motives. It was trying to capitalise on "the upswell of public emotion" since Lord Mountbatten was murdered last August. Justice Department officials said the timing was coincidental.

Noraid raises around $160,000 a year from Irish Americans—the largest source of U.S. money for Ireland. It is ostensibly relief aid for the families of IRA prisoners in the north. Noraid's critics, which include the Dublin Government, allege that Noraid contributions, at the least, free IRA resources for other purposes.

Canada prices 'will remain high'

BY VICTOR MACKIE IN OTTAWA

CANADA IS in no position to re-introduce bread and milk subsidies, Mr. Joe Clark, the Prime Minister, has said. He warned that Canadians—including the elderly and low wage earners—will have to "endure" high prices.

Statistics Canada reported an inflation rate of 9.3 per cent for October. The consumer price index rose by 0.7 per cent from 194.5 in September to 195.9 last month (base year 1971).

Mr. Stanley Knowles, the Leader in the House of the New Democratic Party, which asked for the subsidies to be reintroduced, said: "A lot of these people are not going to be able to endure. Some 54 per cent of senior citizens are already living near the poverty line."

Mr. John Crosbie, the Finance Minister, has said he would introduce his budget on December 11, and that it would contain few presents for the Christmas season.

● Legislation to impose stiffer controls on dangerous goods being transported across Canada will be introduced in less than 10 days, according to Mr. Donald Mazankowski, the Transport Minister.

The Bill follows the railway accident a week ago which forced the evacuation of 250,000 people from the urban areas of Mississauga, Ontario.

RESOURCE DEVELOPMENT MEETS OPPOSITION

A fight over buried treasure

BY PAUL CHEESERIGHT

MOUNTING pressure for the development of Alaska's natural resources has run headlong into environmental opposition, based on the argument that the natural beauties of the largest state in the U.S. should be preserved for future generations.

At issue is not only the question of oil and gas development, where the state already plays a vital role in domestic U.S. energy production. The dispute also involves over the longer term the country's large mining industry, which sees Alaska as "the greatest mineral storehouse in America's history."

Yet facts about Alaska's minerals are scanty. The state is in the middle of a minerals belt which stretches from the Soviet Union into Canada. But as a Bureau of Mines official notes, "man has never set foot in about 80 per cent of the state."

The industry claims that 33 of the 35 minerals of strategic importance to the U.S. are present in the state. And there are seven discoveries so far which could be commercially developed. Mining industry exploration expenditure has risen from $7m a year in 1970 to about $75m this year, but is now being held back because of the uncertainties about land use. Operations are confined to a handful of small gold mines, one barytes mine and one coal mine.

Industry ambitions have pitchforked mining companies into a bitter argument within the U.S. Congress about how Alaska's lands should be officially designated.

But it is an argument which one House Interior Committee official says "has been reduced to the crude question of whether you want to save it or destroy it." In fact, with 375m acres of land surface — "more than twice the size of Texas, larger than the countries of France or both East and West Germany combined," as congressional documents have it — Alaska does not lend itself to such stark alternatives. It is big enough to encompass both resources development and conservation.

The Alaskan lands are owned by the U.S. Government, but under the statehood Act of 1958 Alaska itself is permitted to select for its own use 104m acres of land. So far it has received title to less than a third of this. In 1971, the Alaska Native Claims Settlement Act gave the local Eskimos, Indians and Aleuts the right to select a further 44m acres. So far the transfer of title to them is less than one-eighth complete.

Partly as a result of pressure from lobbyists for native interests, fresh guidelines were worked out last year to speed the complicated bureaucratic process of transfer. Natives themselves have given top priority to ensuring that there are guarantees for subsistence hunting and fishing in any new legislation on federal lands. Congressional bills have accepted the principle.

Eventually about 40 per cent of Alaska will pass out of federal ownership, which means that the designations attached to the remaining 60 per cent—about 220m acres—are the ones crucial to the future development of resources in the state.

Legislation has now been effectively reduced to two bills, both of which has a bias towards conservation. The first, sponsored by Representative Morris Udall, has passed through the House. The second, sponsored by Senator Henry Jackson, is under discussion by the Energy Committee and is unlikely to come on to the floor of the Senate until next year.

The effect of the Udall bill would be to keep the mining industry out of 135m acres, including about 70 per cent of the areas classified as "highly favourable" for mineral discovery by the Bureau of Mines and four of the seven commercial discoveries.

The Jackson bill is kinder to the mining industry, specifying land designations in such a way that about 100m acres would be closed to mineral activity. About half the "highly favourable" areas would remain open and there would be a chance to develop six of the seven discoveries made so far.

The seventh discovery is the world's second largest molybdenum deposit, owned by U.S. Borax and Chemical, a subsidiary of Rio Tinto-Zinc of London. Molybdenum is the so-called space-age metal, widely used as a strengthening element in steel products.

The position of U.S. Borax, anxious to develop a new mine, has been complicated by actions of the Carter Administration which can only be overturned by congressional action.

In November last year, Mr. Cecil Andrus, the Secretary of the Interior, used an emergency authority to withdraw 110m acres from any access by the minerals industry for three years. A month later President Carter invoked a 1906 act to create National Monuments over 56m acres, thus closing them to industry. The U.S. Borax discovery is in a National Monument area.

U.S. Borax has therefore sought to have inserted in the Jackson bill a clause which would withdraw the area in which it has its molybdenum deposit from the category of National Monument. The Jackson bill, if passed by the Senate would still have to be reconciled with the environmentally more stringent Udall bill.

But even assuming a reconciliation and the passage into law of an Alaskan lands bill, it is clear that the mining industry will not be a notable beneficiary. "The mining industry has lost game, set and match in Alaska," says the Interior Committee official.

By contrast, the Administration, more environmentally conscious than its predecessors, wins whatever the outcome. The bills before Congress give it substantially what it wants in the way of preservation for future generations. And even if Congress fails to agree, it has the protection of the land in hand through the executive actions it has taken and any others it may care to take later.

For those who favour a quicker pace of development in Alaska, it is now a question of cutting losses and seeking compromises. This is the position of two of the three Alaskan state congressmen in Washington, Senator Ted Stevens and Representative Don Young. But the third, Senator Mike Gravel, sees present legislative proposals as a sell-out and has threatened a filibuster

Pressure on EEC to sign trade pact

By Brij Khindaria in Geneva

THE COMMON Market Council of Ministers begins meetings today which are hoped to result in the Council's long-delayed approval of the recent Tokyo Round trade package.

There is particular urgency to the meetings in view of the fact that the U.S. Congress has given authority for the American Government to sign and seal the Tokyo Round accords. This authority runs out on December 31.

Failure by the Council of Ministers to sign it will, therefore, be a major setback to the largest package deal in international trade history.

The package contains measures to reduce tariffs in both industrial and agricultural trade and will establish a series of codes of conduct to reduce or completely remove non-tariff barriers to trade. About 99 countries have participated in the negotiations.

The Community's inability to decide whether or not it should sign the package is causing consternation.

If the Council fails to take a decision today, the contracting parties to the General Agreement on Tariffs and Trade (GATT), which must approve the package if it is to be implemented, will meet in an atmosphere of great uncertainty in Genvea starting on November 26.

The Community's reluctance to sign is thought here to stem mainly from an internal dispute between the executive of the Commission and member governments. The Commission argues that it should sign on behalf of all members since the package is a trade agreement.

Some member governments, led by France, say certain codes contained in the package, such as the one concerning government purchases, are not strictly foreign trade matters, and they should be free to separately enter or opt out of them.

Rolls-Royce wins £28.5m Egyptian power contract

BY MARGARET HUGHES

THE INDUSTRIAL and Marine Division of Rolls-Royce has been awarded a £28.5m contract for the supply of a 200mW turnkey gas turbine power station to Egypt. It will be one of the largest power station projects to be undertaken by Rolls-Royce and is expected to lead to a further contract worth around £20m for the addition of a combined cycle system for which Rolls-Royce has been asked to submit a technical offer.

Four packaged, "off the shelf" gas turbines, each with a 50,000kW output and powered by two Olympus engines, are to be installed at Mahmoudiya some 40 miles east of Alexandria for the Egyptian Electricity Authority. Completion is scheduled for the first quarter of 1981 with the first gas turbine due for delivery within seven months. This contract brings the total gas turbine sales by the Industrial and Marine Division to 2,000, which Rolls-Royce claims is more than the combined sales of its two leading U.S. competitors.

This project will be the first of any significant size to be undertaken by the Egyptian Ministry of Electricity for the past 15 years. Most of Egypt's electricity is supplied from the Aswan High Dam. The Ministry, in conjunction with the Egyptian Electricity Authority, is to invest some E£2.5bn (£1.7bn) over the next five years in alternative power sources to supplement the dam.

The biggest project which it is undertaking is the establishment of a 900 MW thermal power station at Shubra in the greater Cairo area. Brechtel has been appointed consultants to the project into several contracts to match the financing, most of which is being supplied by the World Bank, U.S. Aid and the EEC.

Mr. Mustapha Kamal Sabri, the Egyptian Minister of Electricity and Power, is currently visiting Britain, accompanied by Mr. Minshawi, deputy chairman of the Egyptian Electricity Authority to negotiate U.K. financing for the project as well as to sign the Rolls-Royce financing.

The Rolls-Royce contract is being financed by a combination of export credit and aid. The Exports Credits Guarantee Department (ECGD) has guaranteed a £15m loan arranged by Lazards and provided by National Westminster Bank, Lazards and Barclays Bank International. A further £10m has been provided as bilateral aid by the Overseas Development Administration (ODA).

This combination of aid and credit, known as "credits mixtes," was crucial in securing this contract for Rolls-Royce. It is a system which has been widely used by Britain's European competitors, particularly the French, but has only recently been available to British exporters. In the 1977-78 financial year some 5 per cent of bilateral aid funds, amounting to around £25m, was set aside as the Aid Trade Contingency Provision to finance development projects involving the supply of British goods and equipment which would not otherwise be eligible for aid financing.

In the current year the allocation for the same purpose is between £30m and £40m, which has been fully committed already. Exporters are now anxious that the amount available should be increased. The Government, however, appears to be resisting such moves, urging exporters to make more use of the aid funds available through international agencies and the EEC which it feels UK exporters, unlike their competitors, are not fully exploiting.

W. Germans invest more in U.S.

BY ROGER BOYES IN BONN

WEST GERMAN concerns are radically stepping up their direct investment in the U.S. in a bid to retain their share of the American market, according to an analysis released yesterday by the IFO Research Institute.

The weak dollar has, according to the Institute, caused considerable problems for Deutschemark-priced exports to the U.S. and has led to an erosion of the West German position in North America. This has been particularly noticeable, the report shows, in the motor industry, with West German vehicle deliveries falling from 20 per cent of the U.S. total in 1973 to 13 per cent in 1977. Similar drops have been recorded in the mechanical and optical industries, in the office machinery sector and by iron and steel manufacturers.

In order to hang on to their slice of the U.S. markets, West German companies—above all in the motor and steel sectors—have increased their investment in the U.S.

But the report points out that other factors are also having an effect—the relatively low wage costs in the U.S., for example, have clearly influenced the electro-technical sector's interest in investing in the U.S. The chemical industry, which this year will be the largest sectoral investor in the U.S., also prefers one-the-spot production because of tight American import restrictions.

The IFO predicts that West German exports will fall far short of U.S. imports to Germany in the near future. There already are signs that U.S. companies, encouraged by the exchange rate advantages and spurred by the impending recession, are increasing their exports to West Germany.

Joint deal for $150m NATO plan

By Our Bonn Staff

MESSERSCHMITT-Boelkow-Blohm, the West German aerospace concern, and Thomson-CSF of Paris are to participate in a $150m NATO programme to modernise the Hawk surface-to-air missile system.

MBB executives yesterday said that after 18 months of negotiations the NATO Hawk production and logistics organisation (NHPLO) had decided to assign the Hawk product improvement programme to MBB and Thomson-CSF, the French electronics concern.

The updating programme runs for four years and involves the Hawk system in Belgium, West Germany, France, Denmark, Greece, Italy and Holland.

Raytheon and Westinghouse, the U.S. licence-givers for the Hawk system, will provide technical support for the two European contractors. MBB and Thomson-CSF have established a separate body, based in Paris, to co-ordinate the activities and to maintain links with the NATO-Hawk management office.

Although the Hawk surface-to-air system was introduced in 1959—and has been constantly modernised—this is the first time that the responsibility for updating has been given to solely two European companies. MBB already has considerable experience with surface-to-air missile construction.

Survey lists UK export problems

BY TERRY DODSWORTH IN PARIS

POOR DELIVERY is the main factor limiting the expansion of British exports in Western Europe, followed by prices and inadequate backup support.

These points form part of a conclusion of a survey of Britain's main trading partners, undertaken by the Council of British Chambers of Commerce in continental Europe. The report was compiled from answers provided in June by almost 600 companies in France, Germany, Greece, Italy, Spain and Switzerland.

The council says that British businessmen must give attention to the factors which are limiting the further expansion of UK exports to the Continent, which provides the outlet for more than 50 per cent of the country's exports.

In the order of importance, the main problems facing British exporters, are deliveries, suppliers' prices, suppliers' support, demand and the value of the pound.

These are followed by tariffs, transport services, the image of products and their quality. Companies particularly affected by these problems fall within the mechanical equipment and chemicals sectors.

Of the individual markets, West Germany seems to be the most demanding, criticising performance of deliveries, suppliers' prices, image and quality. France's main criticisms were of delivery and suppliers' support and Italy's broadly the same, although it showed some concern about the value of the pound.

● International trade is becoming so complex and volatile that businessmen must have more direct influence on world government, Mr. Peter Drew, a director of Taylor Woodrow and vice-president of the World Trade Centres Association said yesterday, our Foreign Staff writes.

He said his association's voice must be made more effective so that world traders could more directly influence governments. "If this means that some businessmen become active politicians so much the better."

Club Mediterranee keeps Cairo hotel management

BY OUR OWN CORRESPONDENT

CLUB MEDITERRANEE, the French leisure and holiday group, has reached agreement with the Egyptian tourist authorities to continue running the Manyal Palace.

Club Med had a five-year lease to run the hotel, set in exotic gardens on an exclusive island site in central Cairo until the end of last month, and has been involved in negotiations for more than a year to have it extended.

Under the new agreement, to be signed at the end of this week with the Egyptian Organisation for Tourism and Hotels (EGOTH), the French company will receive 14 per cent of profits for running the hotel complex, with the provision of a guaranteed E£1m (£689,000) income for EGOTH.

EGOTH is providing E£6m for renovation and expansion of the complex of chalets, the restaurant, and bathing area. Club Med will lose its exclusive club status which, with the low rents its was previously paying—E£120,000 a year—was a major bone of contention in the Egyptian Press.

Aiwa prepares for European thrust

BY CHARLES SMITH, FAR EAST EDITOR

"When Sony turns right, we turn left," says Mr. Yusuke Sambe, the ex-Sony man who is President of the Aiwa Company, itself a 52-per cent owned Sony affiliate.

What he means is that this highly successful and fast growing audio equipment manufacturer has thrived by doing things differently from its parent, as well as by taking on Sony as a direct competitor in some of its main markets.

"We and Sony together control more than 40 per cent of the Japanes market for radio cassettes," says Mr. Sambe. "We almost certainly would not control so much of the market if strong competition between the two of us had not kept each of us permanently on our toes."

An example of Aiwa "turning left" where Sony turned right which happens to be particularly topical is that Aiwa decided less than a month ago to establish its first overseas manufacturing subsidiary in a Western industrial country in Britain, instead of in the U.S.

Sony's first move into the Western world came with the decision in 1971 to build a colour TV factory in California. The Sony plant in Bridgend, South Wales, followed two years later, conforming to the normal order of priorities of Japanese companies, according to which Europe ranks a definite second to the U.S.

For its part, Aiwa decided to put its own first investment in a developed country in Gwent in south Wales for the simple reason that Europe, not the U.S., is the biggest market for the high quality, small size, audio equipment in which it specialises.

Mr. Sambe explains that the company can no longer compete profitably in the lower end of the huge American market for audio equipment, because new Asian industrial countries, such as Taiwan and South Korea, are too active in that area.

Sony Corporation yesterday announced it has decided to invest FFr 55m (£13.2m) to construct a new magnetic tape manufacturing plan in Bayonne, France. The new Sony plant will have a production capacity of 3m compact audio cassette tapes per month and will employ 300 persons when completed in late 1980.

In the $350 plus price range Aiwa is still strong and its products are pre-eminent at the top of the market—$850 to $1,000. This upper portion of the market, however, is less important in the U.S. than in Europe, with the result that about 60 per cent of Aiwa's exports are sold in Western Europe compared with only 10 per cent in the U.S.

Aiwa's Gwent factory, which will start production next June and reach full-scale operations three years later, will produce about £3.5m worth per year of the company's new "mini-component" audio equipment, and by so doing will open up a new branch of the audio equipment industry in Britain. Mini-component amplifiers and tuners with exterior dimensions roughly half those of conventional equipment started to appear in Japan about 18 months ago and are regarded as holding the key to the industry's future.

The merit of mini-component technology, apart from the convenience of small size, is that it costs less than conventional equipment with the same performance characteristics because of savings on materials.

Aiwa's approach to running an overseas manufacturing venture (of which it so far has one, located in Singapore) goes to the opposite extreme from the policy of tight control followed by many Japanese companies.

The Gwent plant will, technically, be the manufacturing division of Aiwa Sales and Service (UK), a British-registered company which already exists and which is run by a British Managing Director, Mr. S. Chorley.

Mr. Chorley will be given overall responsibility for the Gwent factory, but a British (not a Japanese) factory manager will be appointed to look after day-to-day operations. The Japanese presence at Gwent will be limited to an "advisory group," which will have no power to make executive decisions.

Mr. Sambe says that Japanese companies, which have sent Tokyo-based executives overseas to run factories, have found the men concerned to be too interested in what was going on at the head office back in Tokyo and not interested enough in their local responsibilities. The policy of putting local managers in charge of overseas manufacturing ventures is being followed by more and more Japanese companies, including Sony.

Aiwa's Gwent plant will export "anything up to" 100 per cent of its output to other EEC markets, once it gains an EEC certificate of origin, says Mr. Sambe.

By so doing Aiwa hopes to outflank French and Italian restrictions on the import of Japanese-made tuners. Getting an EEC certificate of origin may take time (in part because of the specialised nature of the technology involved in mini-component stereos.) Aiwa notes, however, that both Sony and Matsushita have been successful in procuring British-made components for their South Wales TV factories. It hopes to do the same.

A

HOW MIDLAND BANK HELPS SMALL BUSINESSES.

If you run an independent business, your Midland manager can offer you all sorts of help.

Through medium-term loans, overdraft facilities, export finance, instalment finance, leasing, block discounting, advice on the stock market, factoring and offshore financial services.

Through a special scheme for making financial help available to companies with an export turnover of £100,000 or less or those who export intermittently or who do not qualify for normal ECGD insurance cover.

Through actually investing in your business–you retain control; we provide £5,000 or more of often much-needed capital.

Also, we have set up a special Independent Business Banking Unit, to provide a central focal point for our wide range of services to the small businessman.

If you'd like to know more about any or all of these services, visit your local Midland manager soon.

Small businesses profit from Midland teamwork.

Midland Bank

Midland Bank Limited

UK NEWS

Price of second-hand ships up by 75%

BY WILLIAM HALL, SHIPPING CORRESPONDENT

A SHIPOWNER who bought a ten-year-old 75,000 dwt tanker early last year for $1.5m could now sell it for $9.5m and clear a profit of over 500 per cent on the deal.

While deals of this sort are the exception rather than the rule, the potential profits from trading in secondhand ships over the past 18 months are phenomenal. This year alone, the price of secondhand ships has risen by an average 75 per cent.

In its latest sale and purchase market report, Lambert Brothers Shipbroking—part of the Hill Samuel Group—catalogues the cases of two vessels sold recently. The Itel Polaris, a 1978-built vessel which was sold last year for less than $10m, following the cancellation of a contract, has recently been resold for $22.5m. And a 214,000 dwt tanker which was sold by P & O, Britain's biggest shipping company, for $7.5m in May has recently changed hands at $12¼m.

The recovery in the bulk shipping market has been a major factor behind the improvement in second-hand prices. In addition, the increasing disruption in oil markets has meant more tankers are now needed to move the same volume of oil, and this has helped second-hand prices.

The improvement in prices has varied widely between types of ship. Generally, prices of older vessels have risen faster than those of newer ships. Prices of ten-year-old tankers have risen more than twice as quickly as five-year-old vessels of the same size.

According to Mr. J. G. Davis, a director of Kleinwort Benson, many of the vessels have been bought by Far Eastern owners and a few Greeks. The sellers have tended to be European shipping companies and the UK, in particular, has disposed of a large amount of tonnage.

With the prices of many second-hand vessels back up to 1973-74 levels, Lambert Brothers reports there is a feeling prices have gone as far as they can for the time being, and there could be some profit taking.

SECOND HAND SHIP PRICES

	5-year old			10-year old		
	1978 low $m	current price $m	increase %	1978 low $m	current price $m	increase %
Tankers						
250,000 dwt	8.0	22.0	175	3.5	11.0	214
75,000 dwt	5.0	16.5	230	1.5	9.5	533
Bulk Carriers						
60,000 dwt	4.5	16.0	255	2.25	10.0	344
35,000 dwt	4.0	11.5	187	2.3	8.0	248
20,000 dwt	3.75	7.5	100	2.0	5.2	160
Shelterdeck 15,000 dwt	3.9	4.8	23	2.5	3.5	40

Source: Lambert Brothers Shipbroking

New house market 'sharply cut' by mortgage squeeze

BY ANDREW TAYLOR

THE SQUEEZE on mortgages has sharply reduced the market for new houses, says the report of the quarterly state of trade inquiry by the House-builders' Federation.

Demand for housing is not "working though," the federation says, because building societies could not fund as many loans as last year, though in cash terms they lend more. This is because of the continued sharp rise in house prices in the past 12 months.

Government pressure to hold down mortgage rates earlier this year exacerbated the mortgage shortage from which the housebuilding industry was now suffering, it added.

Mr. Don Moody, president of the Federation, said: "The Government must now resist the temptation to apply such pressure again on building societies if its policy for encouraging private new housebuilding is not to collapse.

"As it is, growing mortgage shortages have brought private new housing starts to a likely outturn of 135,000 in Great Britain this year, against true demand rates for the 1980s of nearer 200,000 per annum.

The federation survey showed that the proportion of companies reporting a decrease in effective demand rose to 36 per cent in October, compared with 12 per cent in August and 6 per cent in April.

"Even taking into account the marked difference in seasonal climate surrounding house sales between April and October, the sharp turnround in the numbers of firms reporting an increase in demand to those now reporting a decrease is unprecedented in the three-year life of the state of trade inquiry," it said.

Nearly 90 per cent of respondents cited lack of readily available mortgage finance as the key factor behind the fall in demand.

Life assurance business heads for record year

BY ERIC SHORT

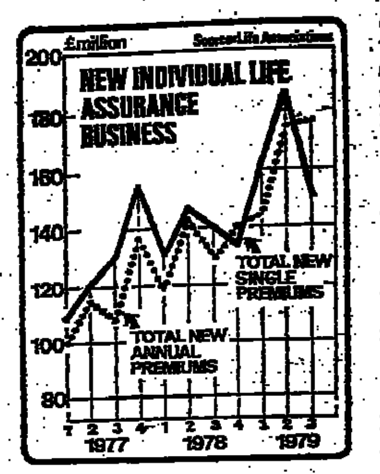
IT WILL be a record year for new individual life assurance business, according to new business figures for the first nine months of 1979 issued yesterday by the three life associations — the Life Offices' Association, Associated Scottish Life Offices, and Industrial Life Offices Association.

New annual premiums to the end of September totalled £435m, compared with £326m for the corresponding period last year — a rise of 33 per cent. Overall in 1978 new annual premiums for individual life business advanced by a record 21 per cent to £425m peak.

After such a successful year, the life assurance industry felt that it was unlikely to match the rise this year, especially with a dull house-purchase market.

Success is due to the unit-linked regular premium business, which this year has improved, by 73 per cent, to £77.6m. This reflects the growing use of unit-linked life assurance as a tax-efficient savings medium.

Over the past few years traditional life companies have been entering this market sector to join established linked-life companies. Latest to join them, at the end of last month, was Standard Life.



Ordinary life business, however, has shown steady growth, with a rise of 27.6 per cent to £232m. In addition, industrial life business—weekly or four-weekly premium business sold at policyholders' homes by home-service life company agents—did even better, with a 29.5 per cent jump to £125.2m.

A similar success is shown by figures for single-premium business. Although the third quarter was, at £137m, 16 per cent down on the previous quarter, it was still ahead of the third quarter in 1978. Over the nine months, single-premium individual life business reached £444m—21 per cent ahead of 1978.

This growth has come almost entirely from sales of guaranteed income bonds. Ordinary single-premium business was nearly 80 per cent higher, at £224m, despite a dull immediate annuity market, growth coming from these bonds.

Unit-linked bond business fell by 25 per cent on the quarter, but over the nine months was 1.9 per cent ahead of 1978, at £22m.

In contrast, personal pension business for the self-employed and others in non-pensionable employment has been patchy this year. Annual premium business has dropped by 7.7 per cent to £60m, while single premium business has improved by 11.8 per cent, to £57m. Both traditional and linked sectors have shown a similar business pattern.

The personal pensions market was buoyant in 1978, with annual premiums up by 46 per cent and single premiums by 28 per cent. The industry's expectations of a dull year are being fulfilled in this sector.

Britain eats 'too much of the wrong foods'

BY CHRISTOPHER PARKES

BRITAIN NEEDS a new food policy because people are eating too much of the wrong kinds of food, while others are tending to eat too few essential nutrients, according to a report published today.

It is also needed to offset the effects of an agricultural policy more concerned with marketing and disposing of surpluses than the nation's well-being.

The report, published by the Centre for Agricultural Strategy (CAS) warns: "The traditional isolation of agricultural policy will be difficult to maintain and wider criteria will be necessary in formulating policy."

Before the war, diseases associated with malnutrition usually stemmed from dietary deficiencies. Now they are more closely related to over-consumption of particular foods.

Obesity poses a serious threat to public health. Excess fat, sugar, and a lack of fibre contribute to the growing incidence of a spectrum of risks.

The report was immediately attacked by the Ministry of Agriculture. "If the authors mean the Government should ensure that an adequate range of wholesome foods is available and that the consumer has the means and knowledge to choose his foods wisely, then this is already Government policy," it said.

"It would not be desirable for the Government to exercise such a degree of regimentation over consumers," the Ministry claimed.

National Food Policy in the UK, Centre for Agricultural Strategy, University of Reading, 2 Earley Gate, Reading RG6 2AU.

Job evaluation more used by employers

By James McDonald

JOB EVALUATION is increasingly used by employers and will be used even more in the future if present trends continue, according to a survey report published today by the British Institute of Management.

The report says that in recent years job evaluation has been used to assess not only managerial and clerical jobs but also manual work. Management and unions have come to view it as useful in salary administration, collective bargaining and the establishment of a fair wage structure.

A total of 286 organisations took part in the survey.

Job Evaluation: Theory and Practice, by Katherine Bradley, British Institute of Management, Management House, Parker Street, London, WC2, £10 to individual members, £15 to others.

Argos lists manufacturers 'who refuse to supply'

BY DAVID CHURCHILL

THE ARGOS chain of discount stores yesterday provided the Office of Fair Trading with details of Fair Trading with details of companies which refuse to supply it with goods because of its policy of cutting prices.

Other retailers have also alleged that manufacturers have refused supplies contrary to retail prices legislation.

Although Argos has not made any formal complaint to the OFT, it has made no secret of its problem of obtaining supplies. It says it also has amicable relations with about 550 manufacturers and suppliers.

Argos yesterday told the OFT that companies which refused supplies included: watch manufacturers such as Seiko, Ingersoll, Timex and Omega; audio equipment manufacturers such as Hitachi, Sony, JVC and National Panasonic; all branded cosmetics; Dorma bedding; Raleigh toys; Bosch power tools; Dunlop, Slazenger and Carlton sports equipment; fishing rod suppliers; Vent Axia extractor fans; Topsy bird cages; MacLaren baby buggys; and Wedgwood china and glass.

For more than six years it has regularly asked these companies—both verbally and in writing—why they refused to supply it. It had recieved no satisfactory reply and in many cases has been unable to arrange meetings with the suppliers.

Argos believes that these companies are in breach of clause II of the 1976 Resale Prices Act. However, Argos made it clear that providing individual proof would mean lengthy research and possibly costly litigation, with no guarantee that success would benefit Argos.

This is because it needs continual supplies from manufacturers for the six months of its catalogue life. It was aware that, even if a company was forced by law to supply, it could be subjected to delayed deliveries.

The OFT told Argos it hoped to take tougher action when the Government's Competition Bill—currently before Parliament—became law to close various loopholes.

Gilts will be bullish next year—broker

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CLASSIC monetary and economic conditions exist for a bull market in gilt-edged stock next year, according to Mr. Gordon Pepper of stockbrokers W. Greenwell.

Mr. Pepper, one of the City's leading monetary commentators, said at a seminar of the Society of Investment Analysts in London that "the events of the last few weeks have meant the bull market is more rather than less likely, although it has started from a higher yield basis than I expected." He stressed that the change started last Thursday afternoon after the announcement of the Government's monetary measures.

This is in line with the generally bullish view being taken in the City about last Thursday's measures.

Mr. Pepper highlighted in particular that unfilled job vacancies are already falling and the forecast that central government borrowing should fall sharply in the near future.

Mr. Pepper argued that a decline in these two factors together provided the classic conditions for a bull gilt-edged market to start.

During the talk he said the rise in public sector borrowing in the last two years was "why the financial situation became acute."

However, he noted that the Treasury's new forecast of borrowing in 1979-80, given by the Chancellor in the Commons last Thursday, implied before the policy changes a figure of less than £3bn for the second half of the financial year and about £2bn after them. This compares with more than £6bn seasonally adjusted for the first half of 1979-80.

"Central government borrowing—a large part of the public sector total—is forecast to rebound somewhat in 1980-81 but the Government will most probably ensure that it is significantly lower than in 1979-1980 as a whole on a constant employment basis. The weakness of the real economy, and inflation starting to fall will provide the conditions for the bull market to continue."

Mr. Pepper maintained that the current rate of inflation was a reflection of excessive monetary growth since August 1977. "If the growth of the money supply is controlled from now on, inflation will start to fall in due course."

Unit trust sales hit by doubts

By Tim Dickson

THE UNCERTAIN outlook for financial markets continues to plague unit trust groups. Unit trust sales in October were admittedly more than £7m higher than in the previous month, but repurchases were also well up, leaving net new investment £4.7m compared with £5.6m in September, and below the monthly average of £5.5m for the year to end October.

With tax rebates filtering through to investors' pockets, sales last month were also the highest since May. But this was not nearly enough to disguise what has so far been a disappointing year for unit trusts.

For example, net new investment for the first ten months of 1979 works out at £55.5m, against £209.4m after ten months in 1978 and £79m at this stage in 1977.

Mr. David Maitland, managing director of Save and Prosper, argues that redemptions are bound to go up as the unit trust population gets older. Commenting on this month's figures, he says the high number of units cashed in was to be expected in view of the general economic uncertainty.

Mr. Maitland also pointed out that the higher sales and repurchase figures may partly be attributable to the greater number of working days this year in October, compared with September.

October's figures include two new launches, those of the Framlington Turnaround Fund and Northgate Unit Trust, against none in September. The total value of unit trust funds at the end of October was £4.023bn, which was down on the total of £4.276bn at the end of the previous month.

Opera chief hands over earlier

MR. MARK ELDER will become music director of the English National Opera next month instead of in 1981, following the decision of the present director, Sir Charles Groves, to withdraw earlier than expected.

The company announced some weeks ago that Sir Charles would not be renewing his contract after July, 1981, and that Mr. Elder would take over.

The company said yesterday that Sir Charles had decided the strain, particularly of administrative work, was too great, and that he would like to withdraw earlier. He will, however, conduct the two cycles of The Ring in Bristol and Liverpool next March and April.

Mr. Elder, who is now conducting Aida at the London Coliseum, takes up his new post on December 1.

Ulster bank rate 18½%

BY OUR BELFAST CORRESPONDENT

THE NORTHERN Ireland banks are to raise their standard lending rate 2¼ per cent to 18¼ per cent from today. This rise is lower than the rise in MLR to offset some of the effects of small businesses.

The Northern Ireland Bankers Association, which met in Belfast yesterday, said it was conscious of the effects of high interest rates on small companies. These constitute a high proportion of Ulster's industry.

Rates for deposits will rise by 3¼ per cent to at least 14 per cent.

Nine join Pilotage Commission

THE GOVERNMENT has appointed the members of the new Pilotage Commission following the appointment of Dr. Denis Rebbeck as chairman earlier this month.

The Pilotage Commission has been set up as a result of the 1979 Merchant Shipping Act and its task is to advise the Trade Secretary, pilotage authorities, dock and harbour authorities, pilots and shipowners on matters concerned with pilotage.

The members of the commission are: G. W. Brimyard, G. S. C. Clarabut, K. Cooper, J. P. Davidson, Capt. A. F. Dickson, B. I. Evans, H. Firth, Capt. P. F. Mason and N. C. Walker.

The commission's expenses will be met by a levy on pilotage authorities.

Crown Agents name auditors

DELOITTE HASKINS and Sells, the City accounting firm, has been appointed auditors of the Crown Agents after an open competition between all the large accounting firms in the country.

New gallery at sea museum

MR. NORMAN ST. JOHN-STEVAS, Minister for the Arts, is to open a new gallery at the National Maritime Museum, Greenwich, on December 5. It will illustrate shipbuilding in iron and steel, and cargo handling from Roman times to the present.

Porcelain record of £126,309

TWO of London's leading porcelain dealers, Albert Amor and Winifred Williams, bid strongly against each other yesterday at Christie's English porcelain sale, which produced a record £126,309.

An indication of the high prices realised was £7,200 (plus the 10.8 per cent buyer's premium and VAT) paid by Amor for a Worcester (Dr. Wall) soup plate from the Duke of Gloucester service, made about 1770.

Two similar examples sold at Christie's in May for £2,700 and £2,800.

Among Amor's other purchases were £5,500 for a Worcester (Dr. Wall) milk jug and cover; £4,800 for a Chelsea fable decorated circular plate painted by O'Neale; £3,800 for a Worcester (Dr. Wall) bowl; and the same sum for another Chelsea fable plate.

Winifred Williams' main buys were an O'Neale fable dish for £3,800; a pair of Worcester (Dr. Wall) oval dishes and a Worcester (Dr. Wall) mug, each item for £3,400.

An unusual item, a jigsaw puzzle engraved and coloured with "the process of making China," dating from 1810, sold to Baskett and Day for £850, a record auction price for a jigsaw.

English watercolours were in demand at Phillips. A study of two camels and a sleeping driver by John Frederick Lewis, who specialised in Arab scenes, was bought by Brod for £7,800. The same sketch made 4 gns at Christie's in 1904.

SALEROOM

BY ANTONY THORNCROFT

British Airways to propose lower Europe business fares

BY LYNTON McLAIN

A MASTER plan for British Airways' European services in the 1980s will be considered by the executive board this week.

Few details are available, but the options are understood to include proposals for lower fares and improved facilities for business travellers in Europe.

The final plan is expected to be approved by the board early next month. Full details will be published in the New Year.

British Airways' managers have examined all aspects of the airline's operations in Europe in one of the most comprehensive exercises they have undertaken.

One object is to counter the attack on European fares by British independent airlines, including British Caledonian, Laker, Britannia, British Island and Dan-Air.

The hearings of applications before the Civil Aviation Authority to cut fares and expand routes in Europe resume on Thursday and Friday. British Airways will again oppose all the proposals from the independent airlines.

British Airways' plan for Europe is also aimed at catering for the different mix in passengers expected by the mid-1980s, and at introducing the new fleet of Boeing 737 and 757 airliners from the spring.

Passenger numbers are expected to increase at approximately 10 per cent a year. By 1986 the airline expects to carry over 30m passengers, double the present number, and at least half are likely to be leisure travellers.

The helicopter link between Heathrow and Gatwick will continue for four years, the Civil Aviation Authority said yesterday. However, the authority has sent its decision to Mr. John Nott, the Trade Secretary, who may direct the CAA to revoke or vary the helicopter licence held by British Caledonian and British Airways Helicopters on environmental grounds.

Air Europe, the independent holiday airline, formed in May, said that its airline capacity for next summer is fully booked. The airline expects to carry 250,000 passengers on 2,000 return flights between April and October.

Mr. Martin O'Regan, the chief executive, said in Los Angeles that the airline was considering buying a Boeing 747 jumbo jet or a DC-10.

هكذا من الأصل

1400 A.H.
A HAPPY NEW YEAR

Today, Muslims around the world celebrate their new year.

And they celebrate it with a very special joy: for today marks the beginning of the fourteen-hundredth year of Islam.

On this first day of 1400 A.H. Saudia, the International Airline of Saudi Arabia, would like to share this great moment in time with you by offering sincere best wishes for the future.

We hope that during the course of the year we will be able to offer you in person our most distinctive greeting aboard one of our luxury flights to the Kingdom.

'Ahlan wasahlan' – Saudia's very special welcome.

saudia

saudia

SAUDI ARABIAN AIRLINES Member of IATA

Your key to the heart of the Middle East.

UK NEWS—LABOUR

Scots pit delegates reject 20% offer

By Ray Perman, Scottish Correspondent

PIT DELEGATES in Scotland yesterday rejected unanimously the Coal Board's 20 per cent pay offer, adding to pressure on the executive of the National Union of Mineworkers, which meets tomorrow, to threaten industrial action unless an improved offer is made.

A special delegate conference in Edinburgh called for a national campaign behind the full claim of £140 a week for face workers and £80 for surface workers.

The South Wales and Kent areas of the union, regarded like Scotland as militant, have passed similar resolutions. The council of the Yorkshire area has also recommended rejection of the offer.

Mr. George Bolton, vice-president of the Scottish miners, said pit-head meetings had been held at every colliery in Scotland for every shift and all had expressed opposition to the offer.

"Our members are very well aware of what is happening to their social wage and are very conscious that the national productivity scheme is not the gold mine that was promised. They are determined to ensure that the union presses for the full claim and consults the membership on forms of industrial action."

The National Coal Board described its offer last week as final, but it was unanimously rejected by the 16-man negotiating committee of the union, which includes several leading moderates. The union's claim, if met in full, would add 30-65 per cent to individual wage rates.

Mr. Eric Clark, secretary of the Scottish area, and a member of the national executive, said Scottish miners wanted pay negotiations re-opened to press for the full claim. They did not want the present offer to be put to a pit-head ballot.

Wages dispute threat to BOC

By Our Commodities Staff

Drivers and cylinder handlers at BOC's gases division yesterday began an overtime ban and work-to-rule in a dispute over pay.

The company said yesterday it was not about to reopen negotiations on its "final" eight-month offer worth about 13½ per cent. There were some indications, however, that the company might be prepared to negotiate a deal lasting 12 months or longer.

BOC's offer would lift present average earnings of more than £107 to more than £122, but the percentage effect of the offer on basic rates is considerably lower.

The 3,000 manual workers in the division, who are seeking 20 per cent, are threatening a strike from January 7.

BL DISMISSES SHOP STEWARDS' CHIEF

Rise and fall of Derek Robinson

BY ARTHUR SMITH

BL MANAGEMENT is aware that in disciplining and dismissing Mr. Derek Robinson, the Communist convenor at Longbridge, Birmingham, it has axed the leader of what was once regarded as one of the most powerful shop stewards movements within British industry.

Mr. Robinson not only heads the 800 shop stewards, representing 18,000 manual workers at BL's biggest factory, he is also chairman of the shop stewards combine, an unofficial grouping which has exerted considerable influence in recent years.

The combine has always had a strong left-wing bias and although many of the leading office holders are Communists it can no means be described as Party dominated. It grew in strength during the series of mergers and acquisitions which saw the rise of the British *Leyland empire in the* 1950s and 60s.

In 1974, when Mr. Dick Etheridge, also a Communist, retired, after 30 years as a union official at Longbridge, Mr. Robinson was the heir apparent both as convenor and head of the combine.

Mr. Robinson grew in stature and influence following the financial collapse of Leyland and the Ryder rescue plan. The company was looking for more centralised bargaining and the combine put forward its claims as a representative body.

The then recently elected Labour Government was committed to the expansion of Leyland and urged management to engage *the trade unions* in the exercise. Mr. Robinson was one of the main supporters of the system of worker participation favoured *by the Government.*

During the early period of the Ryder plan, Mr. Robinson, carrying the authority of the *giant Longbridge plant,* was able to feed policies into the combine and see them adopted as policy by senior stewards at *other plants*

The first serious setback to Mr. Robinson's authority was the "we want to work" demonstration by employees at Longbridge in August 1977. Though he gained a two to one majority from the workforce in favour of proposed strike action in protest at the company's pay offer, he called off the action because his members were obviously divided.

In February, this year, while *all plants were consulting their* workforce as to whether to strike because the company was withholding parity payments *that had not* been earned through higher productivity, the Longbridge employees voted overwhelmingly at a mass meeting *to walk out.*

Mr. Robinson as chairman of the combine was again in the forefront of opposition to the rationalisation plan announced on September 10 this year by Sir Michael Edwardes, the BL *chairman.*

The management decision to put the issue to the ballot and the consequent seven to one support for the plan to close plants was perhaps the most serious blow to the credibility of the combine and the shop stewards' movement.

In complete contrast to the position just three years ago, the BL stewards find themselves confronted by a management that can count on total support from the Government for any tough action. Public opinion is not only running against the trade unions but also against BL and "left wing militants."

BBC hit by staff walkout

By Gareth Griffiths, Labour Staff

THE REGRADING dispute at the BBC intensified yesterday when about 250 members of the Association of Broadcasting Staff walked out in London, Glasgow and Bristol, hitting the live transmission of several programmes last night.

Negotiators from the union, which covers about half the BBC staff, and the corporation will meet for talks at the Advisory, Conciliation and Arbitration Service today. The talks are being held at the invitation of ACAS.

About 200 members of television operations crews in Television Centre in London *went on strike in support of* 100 colleagues who were suspended at the weekend. Nationwide, Panorama, weather *programmes and Film Night* were affected. But ABS members worked voluntarily on the that Peter programme which carried *an appeal for Cambodia.*

Film, television and radio sound recordists in Glasgow went on a 12-hour strike yesterday afternoon, and technical managers and sound staff in Bristol went on a 24-hour strike. The national executive of the ABS at its meeting yesterday gave full support to all three strikes.

Mr. Paddy Leech, ABS deputy general secretary, said the meeting had authorised negotiations with the BBC to go ahead but *there could only be a settlement* if there was a categoric assurance that staff with regrading claims outstanding would be dealt with.

The dispute started last Wednesday over the BBC's decision to suspend staff regradings from November 5 to enable its 30-strong regrading department to start work on a new simplified structure to be introduced next April. There are about 1,000 regrading claims outstanding.

Union leaders suspect plan to split BSC Chemicals

BY OUR LABOUR STAFF

UNION OFFICIALS were trying last night to clarify whether the British Steel Corporation is preparing to split BSC Chemicals into two and sell half of it to private industry.

Mr. David Warburton, General and Municipal Workers Union national officer, has written to Sir Charles Villiers, the corporation's chairman, for an explanation of its intentions.

The corporation has made it clear that a substantial interest in BSC Chemicals is a prime candidate for sale to the private sector.

But local union officials say they have received a letter from management indicating that the corporation will not sell the company's carbonisation activities, related to the production of coking coal for the corporation.

Union officials said this implied that the company's other work — the production of tar and benzol — would be sold.

There is considerable suspicion among local union officials that the corporation is far advanced in negotiating a sale.

Shop stewards at one of the company's principal sites, in south Yorkshire, have issued a statement saying the company is profitable and has model industrial relations, and that they would oppose the sale of part of it.

Shop stewards from all the company's sites are expected to meet today.

Mr. Warburton said last night: "BSC Chemicals is a very successful chemical company yet there is now a great deal of speculation that it is to be sold to a private company, possibly a foreign one.

"Such a move could create major problems for over 1,000 jobs and we want an answer from BSC or Sir Keith Joseph, the Industry Secretary, who seems hell bent on handing over public assets to private firms. It was public money that made a success out of BSC Chemicals."

Peace bid for Clyde shipyard

By Our Scottish Correspondent

MANAGEMENT AND UNIONS have set up a committee in *Clyde shipyards to try to resolve* differences over redundancies which threaten to upset the peace plan which ended in*dustrial action in the autumn.*

The committee, set up after *four* hours of talks at the headquarters of British Shipbuilders in Newcastle yesterday, will report its progress on a number of contentious issues in two weeks.

The Confederation of Shipbuilding and Engineering Unions has been particularly concerned about the delay in confirming an order for two Cardiff class bulk carriers for Govan Shipbuilders, Glasgow.

The yard is running out of work as it exhausts its share of the Polish order. About 1,300 men are already idle.

But the nationalised shipbuilding corporation was unable to give any firm news yesterday other than to say that talks with an unnamed prospective owner were continuing and that it was hoped they would be concluded shortly.

Under pressure

The new order would have allowed a breathing space for the yard, which is to lose more than 1,000 of its workforce by Christmas under the rationalisation plan announced by British Shipbuilders.

Shop stewards have been under pressure from the work force to threaten renewed action against the Polish ships still in the yard unless the uncertainty is dispelled soon and outstanding difficulties over the level of redundancy pay resolved.

The joint committee, which will meet for the first time next week, will also consider management reservations about the transfer of the Scotstoun merchant shipbuilding yard, which is also running out of work, to the neighbouring Yarrow warship yard.

This was proposed by British Shipbuilders instead of the original plan to close the yard as part of the formula for ending industrial action in September.

But some managers at Yarrow fear that the move will add to their overhead costs and make them *less* competitive.

Industry caution on pay urged

BY NICK GARNETT, LABOUR STAFF

IF MANAGEMENTS agreed pay settlements which were too high there would be "terrible consequences." Sir Alex Jarratt, outgoing chairman of the Industrial Society said yesterday.

Managements were anxious because the trend of settlements was moving in the wrong direction. Incomes policies always ended in a state of collapse. *Under the present bargaining* arrangements industry had no one to blame but itself if things went badly.

Companies could not use alibis, said Mr. Jarratt, chairman and chief executive of Reed International. The effect of mistakes *would be sharper than in* the past.

Mr. John Garnett, director of the society, said before its *annual general meeting yester*day that managements had to tell their workforces the "facts of life" about their companies' finances and trading position.

Managements should devote half an hour every month to keeping shop floor representatives up to date on company progress. But a clear distinction between consultation and management's right to manage *was still necessary, he said.*

If settlements were too high, they would lead to more work moving abroad and the decline *of whole areas, as in the case of* Merseyside.

Mr. Garrett regretted that he had had to make a regional *arbitration award of 22 per cent* in the lorry drivers' dispute, and called the national settlement at that level which followed it *"shocking."*

The industry should only have had to support a settlement a third of that size, but *the lorry drivers expected far* more and had not been informed by management of the financial state of the industry.

The new chairman of the society is Sir Richard Cave, chairman of Thorn Electrical Industries.

Transport Bill protest

BY OUR LABOUR STAFF

TUC TRANSPORT *union* leaders protested to Mr. Norman Fowler, Transport Minister, about lack of trade union consultation on the Transport Bill now passing through Parliament.

The TUC Transport Industries' Committee asked him to ensure, before future legislation is brought before Parliament, that trade unions have enough time to make their reactions known. The present Bill is due for Second Reading in the Commons next week.

Union leaders objected to specific parts of the Bill. They sought further details about plans for the National Freight Corporation and bus-licensing.

They questioned Mr. Fowler on suggestions that British Rail may be considering cutting its passenger-rail mileage, and on *whether or not the Govern*ment intended to fund replacement of old rolling-stock.

Paint claim

A SHORTER working week and *an increase in the national* minimum rate from £46 to £65 are the major features of the claim submitted on behalf of 17,000 workers *in paint manu*facturing. The annual agreement covers major companies including Berger, Crown and Walpamur.

Evening News resumes

PRODUCTION of *the London* Evening News will resume today following a dispute by members of the National Graphical Association.

The men, who work in the composing room, stopped work last week demanding compensation because a new colour supplement is being printed elsewhere.

They agreed last night to resume work pending further discussions. These will involve the union at both national and office level and were agreed after the intervention of Mr. *Les Dixon, NGA president.*

APPOINTMENTS

Chief executive for Ciba-Geigy, U.S.

Dr. Otto **Sturzenegger**, member of the executive committee of *CIBA-GEIGY AG*, Basle, will on January 1 take over the newly-created post of chairman of the Board and chief executive officer of the American subsidiary Ciba-Geigy Corporation, of Ardsley, N.Y. For the similarly newly-created position of president and chief operating officer, the Swiss chemical group has named **Mr. Don Mackinnon.** Also new are the posts of vice-president, human resource de*partment, to be taken over by* **Mr. J. Mullins,** and vice-president, planning and analysis department, who will be **Mr. R. Terry. Mr. R. Kogan** becomes head of Ciba-Geigy Corporation's pharmaceuticals division.

★

M. Gérard Llewellyn, deputy general manager of BANQUE NATIONALE DE PARIS (BNP), and vice-chairman of the executive committee, has been appointed chief general manager. He was formerly deputy general manager of the Comptoir d'Escompte de Paris which, in 1966, merged with Banque Nationale du Commerce et de l'Industrie to form Banque Nationale de Paris. M. Llewellyn is also chairman of Epargne-Croissance and of International Harvester France. He is a director of French American Banking Corporation. Compagnie Bancaire, Sacilor, CGEE-Alsthom, Otis Europe and Arthur D. Little (Boston).

★

Mr. Jaime Chico has been appointed deputy managing director of INTERNATIONAL MEXICAN BANK in succession to Mr. Federico Carrera, who has returned to Mexico to take up another position within Banco Nacional de Mexico S.A.

★

Mr. J. F. Power has been appointed a director of BRITISH HOME STORES.

★

Mr. H. A. Weller has joined COOPER ENERGY SERVICES as director of project engineering and packaging group (UK). He will continue as technical director for Coberrow until completion of the Machinoimport Phase III contract.

★

***Mr. Willy Mantel* and Dr. Eric Siegrist** become general managers of ZURICH INSURANCE COMPANY, Zurich, from January 1. **Mr. Friedrich Andres, Mr. Roland Anrig, Mr. Hans Baenziger** and **Mr. Heinrich Wirth** have been named managers of the company.

★

Mr. F. Attinger, Dr. K. Henny, Mr. E. Scheller and **Mr. C. Vela** have been appointed managers of CREDIT SUISSE at the bank's Zurich headquarters from January 1. **Mr. P. Mueller** becomes a manager of the bank in Basle and **Mr. R. Balmer** and **Mr. E. Meyer** managers in Geneva.

★

Mr. David Wade has been appointed a director of C. CZARNIKOW, sugar brokers, from December 1.

★

Mr. John G. Chaplain has joined WIGHAM POLAND REINSURANCE BROKERS. Mr. Chaplain was previously deputy chairman of Brown Shipley Insurance Services and managing director of Holmwoods and Crawfurd (Marine and International).

★

Mr. H. P. Willer has been appointed commercial director, and **Mr. D. J. Fewtrell** appointed service director, *of LIGHTNING* FASTENERS, Witton, Birmingham, part of the LF/Opti group, in which IMI has a 50 per cent shareholding.

★

Mr. Gerald M. Dean has joined the Board of G.T. MANAGEMENT (UK).

★

Following his appointment as corporate vice-president of the American parent company, *NATIONAL STARCH AND* CHEMICAL CORPORATION, **Mr. Alex J. McCarthy** will be responsible for all of NSC's *adhesives and resins* interests in Great Britain and Europe, including the operations of Alvarez-National, Bericol-National, Delft-*National, National* Adhesives and Resins, and Raisio-National. He has resigned as managing director of the company, but retains his seat on the board. **Mr. David M. Woodford** and **Mr. George P. Hutson** have been appointed joint managing directors, and **Mr. Peter D. Clarke** becomes company secretary.

★

Richards and Wallington Industries, which claims to be the world's largest crane hire combine, has established a new company, RICHARDS AND WALLNGTON *(PLANNING AND DEVELOPMENT),* to explore and evaluate possible areas of diversification open to the group. The company will be headed by **Mr. John Bishop** as managing director.

★

Mr. Denis G. Palmer has been elected president of the *NATIONAL ASSOCIATION OF* SCAFFOLDING CONTRACTORS, following the resignation for business reasons of **Mr. Richard Gowing.** Mr. Palmer *is succeeded* in the treasureship by **Mr. David G. Flood,** of Scaffolding (GB).

★

Following the completion of the transfer of management control to the Burton Group, **Mr. David Roxburgh** has resigned as chairman and group managing director of DOROTHY PERKINS.

★

The BRITISH LIBRARY BOARD has appointed **Mr. Alexander Wilson** as director general of its reference division (the former British Museum Library). He succeeds **Mr Donovan Richnell** who retires at the end of December. Mr. Wilson has been director of libraries and museums for Cheshire since 1972.

★

Mr. John J. Nevin has been *elected president of* THE FIRESTONE TIRE AND RUBBER COMPANY, U.S. He resigned as chairman of Zenith, television *manufacturer, last month* to accept the Firestone post, which he will assume on December 1. He succeeds **Mr. Mario A. Di Federico.**

هكذا من الأصل

● NEWS ANALYSIS—COURTAULDS

BY RHYS DAVID

Textile hopes after cuts and closures

THE HALF-YEARLY results which Courtaulds, Europe's biggest textile company, is due to produce on Thursday will be looked at with more than usual interest, following the spate of closures announced by the group over recent weeks.

About 2,600 workers will be affected by the decision, announced last week to cease production of viscose filament yarn at Red Scar works at Preston, but as many employees again have been hit by other closures now pending or already implemented this year.

In August, the group revealed plans to close three Lancashire mills employing 700 people as part of a plan to transfer production to newer facilities where some new jobs are being created. In the same month the group had earlier announced severe cuts in its polyester filament operations in Northern Ireland, involving the loss of 650 jobs, with production again being concentrated at a newer unit at Letterkenny in the Irish Republic.

Since then 330 redundancies have been announced at two warp-knitting plants in Derby and Wolverhampton, and a further 600 jobs have been lost at a men's jacket factory in Liverpool. At the start of the year, Courtaulds closed its Spennymoor acrylic yarn plant, with 1,560 employees losing their jobs.

The cuts take Courtaulds' labour down to less than 100,000 compared with 123,000 in 1975 and reflect the problems which have once again started to close in on the textile industry as a whole in 1979. In wool textiles, traditionally one of the strongest UK textile sectors, employment has fallen by 6,000 in the past year to around 52,000.

The carpet industry, where imports have been negligible until recently has also been under strong pressure in the UK and export markets. The UK textile industry as a whole has now lost 100,000 jobs since 1973 and a further 50,000 have gone in clothing, bringing the combined total, including Northern Ireland, down to around 780,000.

The background to the decline, has been the remorseless rise in imports, which have continued to grow in spite of the introduction of control measures such as the General Agreement on trade and tariffs (GATT) regulations about world trade in textiles. In the first half of this year, exports of textile and clothing rose in value by 7 per cent but imports were up 25 per cent. More significant are big increases in imports from the EEC and other developed markets including the U.S. and from the EEC's Mediterranean associates.

The reasons for this lack of UK competitiveness ade as with the rest of the economy complex and diverse. The strength of sterling is blamed and part of the problem too, as the president of the British Textile Employers' Association Mr. Ernest Cummins recently admitted, is poor productivity in some sectors of the UK industry.

A particular problem recently has been thes urge in imports into the UK from the U.S. where textile producers have access to oil—the feedstock for man-made fibres—at a much lower price than their European counterparts.

Closure of the polyester filament operations in Northern Ireland reflects the slow-down in the rate of exansion of this product which has also been affected by fashion changes away from knitted products towarsd spun-woven fabrics. Warp-knitting too has fallen out of favour as a fabric.

In viscose filament, the latest Courtaulds' casualty, the problems have arisen as a result of changes in tyre construction towards steel-braced radials and also the loss of 50-60 per cent of the UK car market to imports has meant a decline in the original equipment market for UK tyre manufacturers.

The result of these problems is that Sir Arthur Knight, Courtaulds chairman, who is due to retire at the end of the year, will be announcing another disappointing set of figures on Thursday with City experts not expecting much more than £30m pre-tax profit.

Because of its diversity, however, Courtaulds also has several strengths. Ironically one of the group's best profit earners is its viscose staple division which produces a fibre which can substitute for cotton or polyester staple. The product is unlike polyester has not been affected to the same extent by oil price increases. Courtaulds' production accounts for 11 per cent of world supply.

Courtaulds also has a strong position as a producer of acrylic, another fibre for which demand has been growing. As a relatively small scale polyester producer it is much less vulnerable to the probelms of overcapacity.

More positively Courtaulds this year has undertaken a major reorganisation of its fabric-making activities in order to make them much more responsive to market trends, and has also re-grouped its knitwear and clothing interests.

The new chief executive, Mr. Christopher Hogg, who takes over as chairman on January 1, in theory therefore inherits a company which freed of some of its biggest loss-makers should, with the new structure introduced by Sir Arthur, be poised for growth.

Lager price war 'next year'

BY CHRISTOPHER PARKES

BRITISH LAGER brewers will join battle in a price war next year. Lager could enter the light ale price range, according to Mr. Colin Mitchell, a leading City analyst.

Mr. Mitchell, of stockbrokers Buckmaster and Moore, said spending on publicity would eat further into margins, and manufacturers of low gravity lagers would have to increase the strength of their brews if they wanted to keep pace with the market leaders.

While there were few signs that soaring demand for Lager was losing its impetus, he pointed to an over-enthusiastic increase in brewing capacity, with the "unleashing" of spare plant in breweries owned by Harp, Whitbread and Courage.

An additional burden on the industry would be that some plans for brewery closures had been shelved.

Next year the gap between lager consumption and capacity would manifest itself in a "big price war." Over-capacity would correct itself in time but there was likely to be a major shake-up in the industry.

Mr. Mitchell said that because the public was becoming more discerning, low gravity lagers would have to be strengthened. Since price competition would be such that they would not be able to raise prices to cover the cost of raw materials and extra duty, these brewers might have to bear an extra 1p a pint in costs.

While advertising for lager—currently worth about 6p on a 25p can—would certainly be increased, Mr. Mitchell doubted the value of such campaigns. He said unpublished surveys of such publicity showed that more than 90 per cent of advertising boosted demand for lager in general rather than the particular brand promoted.

Few campaigns conveyed the brand name effectively to the consumer.

Mr. Mitchell attacked increasing use of cans in the beer business. For 25p the average drinker spent on a can of "premium" lager he received only 14p worth of beer. The can cost 5p and advertising 6p; raw materials and profit accounted for 6.3p, and duty and VAT 7.7p.

Lager would not necessarily become cheaper in the war for market shares but price increases would probably be held back and other beer prices would rise to meet them.

Meanwhile, lager consumption was expected to continue to rise rapidly. From 3.6m barrels a year in 1971, consumption reached 11.1m barrels in 1978, and was expected to climb to 17.4m barrels in 1988. Comparable figures for draught beer were 24.2m barrels in 1971, 23.8m barrels last year and 26.9m 10 years hence.

'Scares'

Mr. Mitchell forecast a fall in consumption of wines and spirits next year. Figures for apparent consumption had been boosted artificially this year by heavy buying in advance of two budgets at which consumers and the trade had expected heavy duty increases. Drink bought during "scares" had been held in reserve.

Attacking the "appalling and archaic mess of present licensing laws," he forecast closure of 5,000 pubs (one in 13) in the next six years, partly because of competition from clubs and off-licences. Off-licensed shops could open when they liked and clubs could stay open 24 hours a day.

Control over State industry 'must alter'

BY ROBIN REEVES, WELSH CORRESPONDENT

NEW GUIDELINES to formalise the relationship between Government, Parliament, and the nationalised industries were called for last night by Sir Francis Tombs, chairman of the Electricity Council.

Sir Francis told the Cardiff Business Club the sheer size of the large nationalised industries and their effect on the economy, through investment, employment and the supply of commodities, meant it was unrealistic to expect governments to stand aloof in the manner envisaged by Herbert Morrison.

It was true that ministerial intervention was restricted in many of the nationalised industries' statutes to borrowing powers, approval of capital investment programmes and planning approval.

"But arm-twisting behind the scenes—and occasionally in full public view—has sometimes resulted. In such circumstances, both Minister and chairman can be under extreme pressure and relationships have often become strained.

"I would personally support a move giving the responsible Minister power to give specific directions to a nationalised industry with which the industry would have to comply—subject to three safeguards."

● They should relate only to matters of national interest, involving considerations outside the remit of the industry.

● They should be subject to Parliamentary affirmation.

● They should provide for compensation to the industry in respect of costs incurred for activities outside normal commercial operations.

Sir Francis said such an arrangement would provide for a Minister to intervene in matters of broad national concern, but the provisions for Parliamentary approval and financial compensation would provide powerful restrictions.

With such an arrangement, arm twisting would lapse and the arm's length relationship would stand more securely.

"The size and importance of the nationalised industries makes it imperative that the interface with Government is recognised and defined in some such explicit way."

WELSH PENSIONER Miss Margaret Morgan is picked up by the Post Office's latest postbus service launched yesterday. Operating between Machynlleth and the remote hamlet of Aberhosan, Powys, it is subsidised by the county council. Introduced by the Post Office in 1967, he 164 services now operating carry about 200,000 pasengers a year throughout Britain.

The post buses can be an economic proposition for the Post Office where they might not be for private operators because of the dual transport and postal service.

Most routes use 11-seat minibuses, but the latest one in Powys uses a converted Avenger estate car because the route is so narrow and tortuous.

'Mix types of industry' in Scotland

Financial Times Reporter

THE REDUCTION in the pace of industrial expansion in the Scottish borders and approaching loss of its status as a special development area have led the regional council to recommend setting up mixed manufacturing and service industries side-by-side.

The council is thinking particularly of Tweedbank, the new industrial and residential community between Galashiels and Melrose. But the mix could apply anywhere in the region, which stretches from the South East coast towards Dumfries in the south west and Edinburgh in the north.

Mr. David Douglas, the council's director of planning and development, said he believed manufacturing and service interests could exist happily together. But local authorities must decide whether the drop in industrial inquiries could be countered by accepting more service industries.

The region is facing cuts after a period of expansion. But at least one of the four district councils is opposed to mixing the two types of industry.

Mr. David Cowan, chief executive of Ettrick and Lauderdale (which includes Tweedbank in its area), said his council "felt strongly" that commercial development was not appropriate at Tweedbank beside established industrial companies. Other sites were available in nearby towns.

Guernsey income tax by instalments

FINANCIAL TIMES REPORTER

GUERNSEY will introduce Employees Tax Instalment Scheme, a form of PAYE, on January 1.

The scheme is designed to help islanders, who have a single income-tax rate of 20 per cent, face the difficulty in meeting tax bills. This has caused cash flow problems for the local exchequer.

At present islanders pay income-tax in lump sums in June and December. As a result of rising inflation, an increasing number have been asking for instalment arrangements to pay back tax.

In-house pay schemes had little success with employers and employees.

Under the new plan seasonal workers in tourist and other industries will no longer be able to avoid taxes by leaving the island.

Employers will do most of the new plan's paperwork by deducting tax according to coding notices from weekly or monthly pay packets and remitting the money at the end of each quarter to the income tax authority.

They will be able to invest the accumulated tax money until it is remitted.

The scheme retains Guernsey's principle of assessing tax on the previous year's earnings. Employees will continue to make a yearly return of income and receive an assessment.

If an employee considers he has paid sufficient tax for the year, he will be able to put his case to the tax authority. If it agrees, it will direct the employers to make no further deductions.

The scheme will apply to people drawing occupational pensions, but not to state pensioners. Servants, gardeners and other domestic workers will not be involved unless they and their employers agree to operate the instalment plan voluntarily.

A married woman's earnings will continue to be chargeable to her husband for tax purposes, and any tax deducted from her pay will be credited against his assessment.

One criticism of the scheme was that it would be inflationary because workers would try to make up the loss from their pay packets by larger wage claims.

The Guernsey Chamber of Commerce commented: "As in much socially desirable legislation, the conscientious and the prudent will suffer certain disadvantages in order that others, deserving or undeserving, may be helped."

Farmer buys Aveling Marshall plant

Financial Times Reporter

MORE THAN 100 jobs have been saved at the Aveling Marshall engineering works at Gainsborough, part of BL, by the purchase of he crawler tractor section by a Lincolnshire businessman.

Mr. Charles Nickerson, a farmer from Binbrook, near Market Rasen, who already has extensive interests in agricultural machinery, has signed contracts to buy the crawler tractor plant.

Another 600 jobs have been lost by the closure of the Aveling Marshall works.

Mr. Nickerson says he will try to expand and increase production in the future.

Tesco to open store in Wales

TESCO opens a new store in the Newpark district centre at Talbot Green, Llantrisant, South Wales, today.

The development of the shopping and associated facilities of the centre was awarded to Tesco by the Land Authority for Wales.

Eisteddfod plan

A £1m campaign to preserve the Royal National Eisteddfod was launched in Wales yesterday. The project involves supporters giving £1 a month for two years. It is the idea of some Welsh language magazine editors who are worried about the increasing cost of staging the event.

Rockware plan will cost 450 jobs

BY JAMES McDONALD

ABOUT 450 jobs—one-third of the staff—will be lost as a result of a reorganisation of the Rockware Glass factory at St. Helens.

The reorganisation, which will bring the employment total down from 1,350 to about 900 jobs, mainly during the spring of next year, involves the closure of one of the four furnaces. The management said yesterday the reorganisation was aimed at restoring profitability "in the face of the current difficult economic situation."

"We very much regret the need to declare redundancies," said Mr. Derek Whittaker, managing director of Rockware. "We believe that the vast majority of the St. Helens work force will see the benefits of the detailed proposals on their future and that of Rockware Glass. We look for the support of all concerned in pursuing these plans to a successful conclusion.

Production facilities will be improved to allow the factory to concentrate on the manufacture of coloured glasses and to meet the level of demand anticipated in the future.

The company expects to make significant improvements in quality and service to customers, which will also result from a planned investment programme.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Controllers made easy to build

IN A move to simplify the use of pneumatic control systems to such an extent that a company's engineers will be able to put together quite complex controllers with no problems, Compair Maxam has launched Polylog to complement its existing control systems.

Polylog is set up as a series of building blocks and a single rail (DIN standard) is generally sufficient for most plan purposes.

Logic modules (OR, AND, YES, NOT, Memory, etc.) are mounted on associated bases and need only two fixing screws. Inputs are coloured green and outputs red and pressure indication is provided on both. Thus assembly and fault-finding are fast and easy.

Compair makes a number of claims for the Polylog system while indicating that it does not think pneumatic controllers could even displace electronics. It packs a lot of control functions into a very small space, has no leakage problems and uses stables memory modules.

At the same time cost is such that smaller companies which could benefit to a great extent from simple automation but have been put off by fears of high expenditure, could quickly implement a controller with no fuss. Modification and extensions on site are easy and many applications can be met from existing logic units.

Compair Maxam, Maxam Works, Camborne, Cornwall, 0209 712750.

● HEATING

Checks the temperature

ELECTRONIC THERMOSTAT ESS-2000 recently introduced by Ranco Controls of Plymouth can control the temperature of fluids such as beer, milk and water to a close differential of 0.3 deg. C.

Beer for example. can be dispensed with reduced temperature swings so as to reduce frothing, which can cause problems.

Electronics unit is connected to a remote control potentiometer and to the thin profile sensor (2.8 mm diameter) by means of standard lengths of 600 mm of cable, although lengths up to 100 metres can be supplied.

Basic version has a control range of two to 21 deg. C although other ranges between −40 and +100 deg. C can be supplied. Switching can be specified to make on rise or fall of temperature. The device is mains driven and consumes only 3VA.

More from Southway Drive, Plymouth, Devon PL6 6QT (0752 777166).

Heats corrosive fluids

AN IMMERSION heating panel called Imperio Polaris from E. Braude (Corrosion Control) has been designed and produced for the electro-plating, chemical etching, metal processing and printed board industries and for all others who have to employ hot corrosive fluids.

These sizes are available, dissipating 1.5, 3.0 and 6.0 kW for continuous operation up to 100 deg C. The flat-plate unit is suspended in the liquid and the design ensures that free flow occurs over the heating coils allowing working temperature to be achieved quickly and evenly due to convection.

Casing is moulded from polyvinylidenefluoride (PVDF) and Teflon, well known for their corrosion resistance, even to fluoride salts.

Ancillary items include non-corroding safety power plugs, thermostats, earth leakage circuit breakers and contact breakers for loads over 3 kW.

More from Liberta House, Sandhurst, Surrey GU17 8JR (0252 876123).

● ENERGY

Sun-power market study

THOUGH 700 companies in the U.S. are in the solar heating market, where annual installed equipment sales are now in the region of $250m, many groups are doubtful of where the various possible methods of harnessing solar power will go.

Because of this, Arthur D. Little has decided to launch a sponsored study of the markets for solar space and water heating in which the most important question to be answered will be whether the rapid growth of solar in such favoured areas as Florida and California will be repeated elsewhere—which is where the Europeans come in.

ADL will seek to identify the leading companies and determine the effects of Federal and State subsidies on market penetration.

One important question to be considered is the types of solar heating most likely to be successfully sold.

A spokesman for the group, talking about the study, said that 100,000 solar systems had been installed in America to date, there was a clear need to look at the total picture. Since 1974, energy prices had risen by some 14 per cent a year while home heating oil had risen by 60 per cent in just one year. Unresolved safety issues clouded the future for nuclear power and there were major environmental objections against a massive return to coal.

The eight-month study starts next month and the subscription rate has been fixed at $18,000 up to mid-February, after which it goes up to $21,000.

ADL operates from 25, Acorn Park, Cambridge, Mass 02140, U.S.A.

Fillip for water power

PRIOR to the emergence of a coal-based economy, waterways in many areas of Europe were highly organised to provide driving power to several types of plant, from flour mills to steel forges.

But since then, and particularly during the period of low-cost petroleum supplies, water power resources have only been taken into account where high output is possible. Relatively low prices for electricity and the sometimes heavy capital costs dictated by siting have militated against small water plant and there has been no real opportunity to standarise.

Now, Bell Engineering Works of Kriens, Switzerland, has started a project which will allow small water-powered stations to be built economically and enable users of existing plant to consider replacement without qualms.

Using experience gained on large stations by Escher Wyss (Sulzer Group), Bell is basing its claims on a simple hydraulic concept with standardised drawings and delivery of a complete power package on a turnkey basis.

Ratings provided would lie in the range 100 to 2000 kW from delivery heads from 2 to 800 metres and a choice of axial, Francis or Pelton turbines would be dictated by plant parameters.

Bell Maschinenfabrik AG, CH-6010, Kriens, Switzerland.

● PROCESSING

Produces pure water

CAPACITIES of between 1 and any number of cubic metres/day are being offered in a range of reverse osmosis plant for the production of purified water.

Particularly suitable for the production of potable water from brackish sources, pretreatment for de-ionisers and make-up for air-conditioning and heating systems, reverse osmosis is a membrane process which removes 90-95 per cent of dissolved solids and virtually all the organic and colloidal impurities from water.

These units are compact, robust and simple to install as well as fully automatic and designed for long periods of unattended operation.

The Dow and Du Pont hollow fibre membranes used give long life and significant technical advantages. Two types of the systems are available—the MicRO and MacRO series.

The MicRO series is a package system and has outputs from 1 to 45 cubic metres per day per unit. These units are easily transportable if desired, but are also completely suitable for permanent installation. A unit producing 45 cubic metres per day for example, can be easily carried in a small estate car. MacRO series begins at 60 cubic metres/day and extends upwards to any required output.

Correct pre-treatment is an essential part of any efficient reverse osmosis system and a suitable pre-treatment plant is supplied with all Clearwater RO units.

Clearwater Systems, Riverway Estate, Portsmouth Road, Peasmarsh, Guildford, Surrey, GU3 1LZ. 0483 33831.

● INSTRUMENTS

Collects building heat data

THE CONVENTIONALLY tedious task of monitoring the temperature at a number of locations inside a building is made a great deal easier by a small box of solid state electronics which will take readings at the desired time intervals, keep about 1,000 results and then play them into a cassette recorder carried by a technician visiting the various locations.

Developed by Grant Instruments (Cambridge) from a specification prepared by Anglian Architects, the instrument has already been ordered in quantity by the University of Birmingham for use in a study of heat losses in council houses belonging to Birmingham Corporation.

Temperature sensor is a thermistor mounted in a tube that projects about 25 mm from the top of the case; alternatives are a black spherical enclosure that will take account of radiated heat, and remote or surface sensors with cable lengths up to 20 metres. Normal temperature range is −5 to +35 degrees C in steps of 0.16 degrees, but an overall range of −50 to +150 is available in which any span of 80 degrees C can be requested by the customer.

A crystal clock switches on the temperature measuring circuits at intervals of x, 2x or ½x intervals, the value of x being set by the factory. Typically this will be 30 minutes, giving the user an additional choice of 15 and 60 mins.

The thermistor output is digitised and held in one of 1024 memory locations in eight bit form. The unit can either be set to stop when the locations are full, or continue with the latest reading wiping out the earliest.

Later, the data can either be fed to a computer via a transcription unit, displayed on a recorder chart or VDU, or collected by means of a portable cassette machine.

Each of the measurement units measures 67 x 111 x 58 mm and runs from a nine volt battery which, since it takes negligible power between readings, lasts for about four months at the fastest recording rate.

More from the company at Barrington, Cambridge CB2 5QZ (0763 60811).

Check on combustion

A SIMPLE hand-held instrument from Telegan will quickly make a check on the oxygen content of boiler combustion gases and can also be used as a millivolt source or a millivoltmeter to allow calibration and checking of associated instrumentation.

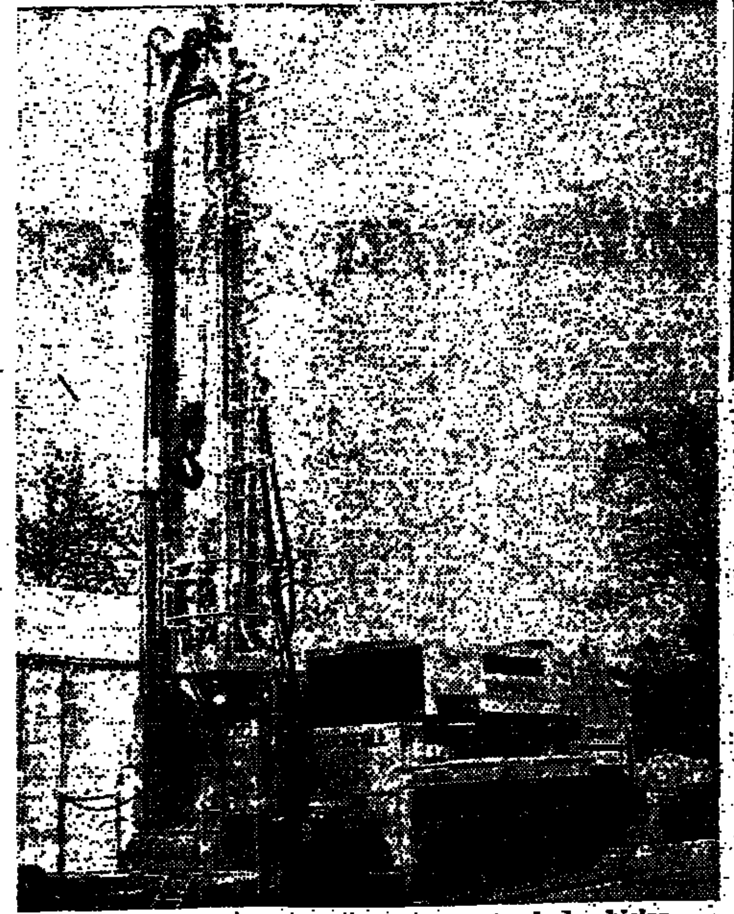
The instrument needs no reference gases for calibration. Air is pumped through the unit using a hand bulb and the calibrating screw turned until the percentage of oxygen in air is registered on the liquid crystal display.

To take an oxygen reading the copper sampling tube is inserted into the exhaust gas duct and the hand bulb squeezed again until the lowest reading is reached.

Measurement cell is a metal-air battery type utilising a gaseous diffusion barrier and lasts for six months. Power for the display and electronics is from a PP3 battery.

The instrument measures 110 x 188 x 60 mm and weighs 0.7 kg.

Telegan is at 44, Wellesley Road, Croydon, Surrey, CR9 2BU (01-680 3666).



One of two drill rigs mounted on rubber-tracked vehicles commissioned by Rock Fall Company of Glasgow, a member of the Royal Bos Kalis Westminster Group. The rigs will be used in a five-year drilling programme in Ayrshire, Scotland, for the National Coal Board Open Cast Executive. The drill-carrying units, Rolba Bombardier B-15s, are powered by Perkins 186 hp diesel engines. The Hydreq Gryphon drill rigs were supplied by Hydraulic Drilling Equipment.

● IN THE OFFICE

Easily operated copier

INSTEAD OF exposing an original each time a copy is needed, up to 20 copies are available from a single exposure by a new fibre optics plain paper copier, which is also half the overall size, and sells for about 25 per cent less than currently available models. Copying speed is 10 per minute.

The optics of the "Streamliner" need no adjustment or re-alignment, and eliminate the complex and bulky "lens and mirror" configurations which exist in conventional models.

It can produce reproductions of letters, drawings and half-tones, using ordinary bond paper on either side. There are no visible moving parts or buttons to press. The model is quiet, and because of its simple design it can be maintained by office personnel.

Incorporating a "copy memory," originals can be retained and reproduced up to 20 times from a single exposure. This means that an original copy can be scanned every six seconds providing a copy from each of 10 different originals — or instead, 10 copies from the one original — in 60 seconds.

Produced in Denmark by the Eskofot Company — the unit operates on the "stream feed process" which ensures that the paper travels in a straight line through the machine, obviating the possibility of twisting and jamming.

It is marketed exclusively in the UK by Office and Electronic Machines (part of the OEM Group), Imperial House, 133 St. Nicholas Circle, Leicester LE1 4LE (0533 50481).

Cuts cost of drawings

COST OF reproducing engineering drawings may be reduced by the introduction by Rank Xerox (UK) of a new large document copier. The Xerox 2080 will print from originals up to AO size.

Rank Xerox has combined users' suggestions with new technology in producing the Xerox 2080, a new machine for same-size printing, enlargement and reduction of design and draughting material.

All types of engineering drawings, graphs, flow charts and most other material of up to AO size can be used. It will even reproduce from tracing paper prints and paste-up originals. This facility can greatly speed up design or draughting work.

Several machines have the ability to reduce originals, the 2080 is exceptional in being able to enlarge them Xerox says. It will also assist in cutting down the amount of costly time spent in redraughting and refurbishing old drawings.

The machine's large, high resolution lens ensures that even prints taken from poor quality material are sharp enough to be used as microfilm originals. The 2080 will also produce unfused prints on which corrections can be made.

Sheets of up to 91.4 cms in width and almost any length can be reproduced. The maximum print width for the 2080 is 24 ins (62 cms). A variety of reduction and enlargement ratios can be chosen with push buttons or varied with a dial control.

Rank Xerox, Bridge House, Oxford Road, Weybridge UB8 1HS. Uxbridge 51133.

● COMPUTING

More power from Digital

MIDRANGE mini from DEC is the 11/44 with twice the performance of the 11/34 but priced 20 per cent higher. A new commercial system the DEC Datasystem 540, used the 11/44, the RL02 disc drive, and more versatile software.

Maximum memory of the machine is one Megabyte, it has integral 8K byte cache memory, a microprocessor-controlled programmer's console and provisions for optional floating point and commercial instruction set processors.

The 11/44 has the full instruction set of the 11/70, and it extends the capabilities of Digital's mid-range line towards its top PDP-11 family member.

RL02 is a new 10.4 Megabyte cartridge disc drive. This is available in a subsystem, which consists of a disc drive and controller. Up to three additional drives can be supported by the controller. With a maximum of two controllers per central processing unit, maximum storage capacity is more than 83 Megabytes.

DEC, Digital House, King's Road, Reading, Berks. Reading 583555.

Storage is increased

DATA Recording Equipment has joined the "mini-winni" battle and the Staines-based computer peripheral manufacturer plumped for 8 in fixed discs in its Winchester-type Series 3100.

Designed and developed by Data Recording Series 3100 is a family of drives, currently containing three models with unformatted capacities of 11.7, 19.5, and 44 Mbytes, using up to three platters.

The design technique employed provide the facility for greatly increased storage capacities in the future without alteration to the physical dimensions of the device.

High reliability is an attractive characteristic, the unit having been designed for a ten year life with no planned maintenance.

Data Recording is at Hawthorne Road, Staines, Middlesex TW 18 3BJ. Staines 61141.

THE JOBS COLUMN

Sudden loud rattle of bones of contention

BY MICHAEL DIXON

IF YOUR life ever seems drably empty of controversy, the remedy is simple. Sit down and write a Jobs Column. Thereafter someone will always be arguing with you.

Periodically you will find that several people suddenly all raise the same topic, but without any particular prompting from the column or other evident, public source. The phenomenon recalls the street games of my childhood near Manchester. At a certain time in spring, for instance, we would spontaneously stop playing with whips and tops and start doing repeated hand-stands against the street's railings, the little girls having first tucked their skirts up the legs of their navy blue bloomers. The upside-down elegance of June Jarrett, in particular, still touches my heart.

There is apparently no similar seasonal pattern to the sudden multiple raisings of some point of contention. But it is hard to believe that they occur by pure chance.

The latest such outbreak is half a dozen protests from readers within a few days, all on or about one topic. It is the alleged failure of this column to maintain a proper distinction between the two main methods used by "middlemen" consultancies to find managerial and other kinds of job-candidates for client employers.

On one hand there is the long-standing approach of advertising the job to be filled, and so generating replies from applicants.

On the other hand, there is the newer method of executive search. Here the consultant scans appropriate fields of employment seeking to identify *particular* people whose present and previous work evidently qualifies them for the job the client wants to fill. Having identified likely candidates in this way, the consultant approaches them individually and asks, often in a roundabout way, if they would be interested in moving to work for the client.

Castigated

Some consultancies use only one of these methods. Others will use both, according to the wants of the client employer.

Now four of the protests castigated me, with but slight differences of emphasis, for not clarifying when this column reports a particular job-opening offered through consultants, which method is being used. I shall not name the quartet. My reason lies in the words of the shotgun-hefting Quaker farmer who, annoyed by finding a man in his wife's wardrobe, eased his pacifist conscience by saying: "*I mean thee no harm, friend. But thou art standing where I am about to shoot.*"

What on earth, Gentlemen, would be the point of my stating which method was being used?

The Jobs Column is a free, purely editorial service. It will consider including any opening referred to it, either directly by the would-be employer or by a *bona fide* consultancy using any technique. The choice of which jobs to include is not influenced by whether the post is to be advertised or, if so, where. Since a major aim is to bring first news of job-opportunities to readers, the column naturally prefers not to mention posts already being advertised anywhere. But apart from that, as a professional imperative, I just do not want to know about plans for advertising or the lack of them.

Hence, Gentlemen, to the detailed reason why the column often includes openings offered through consultancies which are reputed to operate exclusively by executive search.

Such concerns—or many of them, anyway — do not believe that they are omniscient. Thus they know that their scannings of appropriate fields of employment for likely looking candidates, may well leave out of account some highly suitable person working beyond the consultancy's ken. And the Financial Times's readers—with few exceptions, *Gentlemen* — are reputed to be people of high ability, and they work in numerous different parts of the world. I hope I do not need to spell out the connection.

But once the opening is reported in this space, whether the consultant is otherwise using the newer or the older method of recruiting, is of no consequence whatsoever. The job is thereby thrown open to inquiries and applications from all readers who are interested and feel that they may be suitable.

Now, if anyone has grown irritated over the past few minutes by my repeated use of the words "consultant" and "consultancy," there is a reason for it.

The reason is that the first of the six similarly directed protests came from one John Reid who, as is hinted by his company's name: Executive Search, was one of the pioneers of the individual-approach technique in the United Kingdom.

After pointing out the differences between the two methods of recruitment, Mr. Reid took the column to task over its habitual terminology. Concerns using the technique he helped to pioneer, ought properly to be termed "executive search consultant." Those using the advertising-based method should be designated "executive selection consultants." Then he added:

"Neither of these professional recruiting consultants deserves the perjorative term 'headhunter,' and I earnestly hope that you will not apply it to them from now on."

Since the column has regularly been so applying that term for nearly seven years, John Reid's complaint is arguably somewhat late in the day. And, as this discussion may perhaps have shown, I really do need short, alternative terms for the kinds of concerns who so often have to be described here.

Nor do I agree that "headhunter" is in any sense a pejorative or demeaning epithet. But if Mr. Reid's objection happens to denote a long-bottled-up resentment of my use of the word by significant numbers of readers, then all they have to do is to let me know, and I'll stop using it. The column raises more than enough controversy without needlessly needling people.

Hat in ring

Indeed, I dare say further contention may be awakened by the sixth protest, which happily was not directed at me. It has come from George Campbell-Johnston, whose eponymous consultancy firm recruits managers and specialists exclusively by the advertising method. And he has thrown his hat into the ring by contending that the individual approach method is more prone than the advertising-based technique, to stray into practices of dubious morality.

Certainly search organisations, as organisations, guarantee clients for whom they find recruits, that they will not thereafter winkle out the same recruits or their company colleagues and use them to fill jobs for other clients. Mr. Campbell-Johnston concedes.

But between these organisations there is a continual flow of individual consultants who, he argues, do not feel bound on entering their new job to refrain from poaching on their former employer's territory whose most marketable inhabitants are likely to be well remembered.

Moreover, Mr. Campbell-Johnston maintains that some searchers go beyond just inquiring whether their target candidates would be interested in changing his or her job, and impose subtle pressure on them to do so. The target is thereby personally induced to take a step which sometimes leads him or her to disaster. While similar misfortunes may equally befall people recruited by advertising, he thinks, they at least made the first step on their own initiative.

Just in case that should seem insufficiently controversial, I'd better add that he claims the advertising method to be generally quicker, and often cheaper.

BUSINESS ANALYST

W. London **£8,500 + Car**

A key appointment as a member of an elite team responsible for business planning and analysis. Based at the European Headquarters of a successful American company, the position involves some (but not excessive) travel on the Continent. It calls for an ambitious young ACA, ACCA or ACMA, capable of summing up a business, identifying its weaknesses and recommending effective solutions.

FINANCIAL CONTROLLER

Essex **£9,500**

Personality and a background in manufacturing industry are two of the main requirements for this position with a small manufacturing subsidiary. The person appointed, who will be a qualified accountant, will have full charge of all financial controls, planning, management accounting and the development of computerised systems. Only candidates who are capable of making a positive contribution to the management of the company will be considered.

BUSINESS DEVELOPMENT

C. London **c.£9,000 + bens.**

A subsidiary of one of the largest concerns in the finance sector seeks a young qualified accountant with imagination and business acumen. As personal assistant to the manager of the business development function, you will be responsible for evaluating commercial opportunities and providing a financial advisory service. Outstanding fringe benefits include preferential loans, profit share, non-contributory pension and subsidised mortgages.

OVERSEAS WITHIN 2 YEARS

W. London **£8,500**

An unusual opportunity for a young qualified accountant has arisen due to promotion with this household name group. Your initial role will be non-routine with a strong commercial bias acting as financial adviser to the marketing team for an overseas region. Areas of involvement will include pricing, product profitability, economic trends and marketing strategies. Promotion to a line position, probably overseas, will follow within two years.

YOUNG ACCOUNTANT

City **£8,000**

A major finance group seeks a technically proficient, recently qualified ACA. The post takes total responsibility for a large number of trading companies. Duties will primarily be to control the day to day transactions for each of the companies as well as to prepare statutory and tax related work. There will be frequent contact with external parties, necessitating an ability to liase and communicate effectively.

Tel: 01-606 6771

Lee House, London Wall, London EC2Y 5AS

ROBERT HALF

Accountancy & Financial personnel specialists

£6,000 accountancy appointments £9,000

YOUNG CHARTERED ACCOUNTANT

West London **c. £8,000 + benefits**

An exceptional opportunity has been created in the Treasury function of a major progressive U.K. Group which has substantial overseas interests.

Based in the Group Head Office the appointee, aged 25-28, will strengthen a young, imaginative team reporting to the Group Treasurer whose department is recognised as being an increasingly important area of financial management.

As part of the Group's career development plan he/she will acquire experience of the optimum management of the Group's cash and foreign exchange resources and the funding of new projects and acquisitions in the U.K. and overseas.

Candidates must have qualified with a large professional firm and possess the necessary drive and ambition for promotion to a position of more senior responsibility elsewhere in the Group in the foreseeable future.

Applications under Ref. No. RC136 to: Miss Marion Williams

Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB Tel: 01-353 5272

Extel Recruitment Executive Selection Consultants

RSVP

RSVP Recruitment, Atlantic House, 351 Oxford Street, London W1R 1FA

Tel: 01-629 2667

Financial Accountant

Early/Mid 20s

West End, up to £8,500

This position, within a major British textile Group, will provide a young qualified accountant with all round experience and excellent career prospects.

A head office appointment, reporting to the Group Financial Accountant, the successful candidate will be fully involved in a wide range of duties including the preparation of a comprehensive monthly reporting package, budgeting, forecasting and statutory accounts.

Candidates must be chartered and have qualified with a major professional firm, and have experience of preparing consolidated accounts involving Minorities, Associated and Overseas companies.

Essential qualities are personality, the ability to communicate effectively at both senior and junior level, and to cope with sustained pressures.

Excellent fringe benefits include heavily subsidised lunches, free BUPA and generous staff discounts.

To find out more write to or telephone Hilary Kirkham at RSVP Recruitment. Ref: S142

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 13th Nov., 1979

Job Title	Salary	Location	Advertiser
No 2 to Financial Director	£10,000 pa	London	Courtenay Stewart
Young Group Accountant	—	London	Tudor Photographic Group Ltd.
Assistant to Company Secretary/Treasurer	—	City	Walter Runciman and Co. Ltd.
Young Management Accountant		Milford Haven	The Milford Docks Company
Chief Accountant/ Accountant	£6,000-£8,000 pa	West End London	London and City Trust Ltd.
Accountant Shipping Manager	£6,000-£8,000 + car	South Woodford	Phone 01-505-4625

For the full text of the advertisements please see the Financial Times of that date or telephone Sally Stanley on 01-248 5597

INTERNATIONAL BANKING

Chartered Accountant

Circa £8,000/£9,000

We are a major American Bank, with growing international interests seeking a chartered accountant to join its London-based internal auditing team for audit work at senior level.

Applications are invited from candidates aged 25/30, preferably with auditing experience of banking, who must be willing to undertake eventually up to 20 per cent international travel.

The successful applicant will additionally receive very generous fringe benefits generally associated with a first-class bank.

Candidates should send full details of their age, education, experience and current salary to:

Box No. RD 5410,
c/o Extel Recruitment,
4 Bouverie Street, London EC4.

The names of any banks to whom you do not wish your application forwarded should be clearly printed on the back of the envelope.

FINANCIAL CONTROLLER

and

COMPANY SECRETARY

Manchester

One of the largest U.K. Research Associations seeks to appoint a qualified Accountant to take responsibility for

Financial Accounting
Management Accounting
Company Secretarial matters

Reporting to the Chief Executive, he/she should have recent experience of taking a conventional system through to full E.D.P. in mini/micro form. A small competent staff exists and the appointment envisages system transition in an exciting development situation, where personal effort will be vital.

Remuneration negotiable from £9,000 plus excellent life assurance and pension. Strong prospect of earning Directorship.

Details of career to date please to:

L. A. Wiseman, Chief Executive
Shirley Institute, Manchester M20 8RX

GENERAL APPOINTMENTS

CHUBB FIRE SECURITY LIMITED

Accounts/Financial Manager—SAUDI ARABIA

We are a major industrial Company specialising in the design and development of a wide range of modern Fire Fighting and Safety Equipment.

A Chartered Accountant is now required to work in Saudi Arabia to join a number of U.K. expatriates each performing their own specialist disciplines in a rapidly expanding organisation.

This is an unaccompanied appointment and the successful applicant would need to have at least 5 years' experience in a large industrial organisation, with a working knowledge of electronic data processing.

Reporting to the Chief Executive, the first priority would be to assess the Financial function, and introduce modern methods of management. This will require implementing new systems of financial control including large project appraisals, cash flow forecasting and developing a regular cycle of information to ensure the maximum use of resources. Subsequently he will be expected to assist in the initiation of long term development plans and the preparation of appropriate financial analysis for such forecasting.

Remuneration will be £14,000 per annum tax free payable in Saudi Arabia and benefits will include free medicare, free accommodation, three paid return tickets to U.K. per year, spending a total of 30 days paid holiday.

The contract is for a three year period; however, the employers and the employee have the right to give the other party one month's notice to end the contract within the first six months considered as a trial period by both parties without any prejudice to the other party.

Please reply in writing or telephone for an application form to:

The Group Personnel Manager,

Chubb Fire Security Limited

Pyrene House, Sunbury-on-Thames, Middlesex.
Telephone: Sunbury 85588 Ext: 240

EMA

NEWLY QUALIFIED

London W1 **to £8500**

The Accountant will be responsible for a variety of tasks which will provide an excellent introduction to commerce. Reporting to and working closely with the Financial Controller, he or she will supervise a small department in the preparation of accounts and management information, assume certain administrative responsibilities, and further develop computerised systems. A positive contribution to the business will be expected.

A subsidiary of one of the UK's major commercial banking groups, our client is a leader in its specialist leasing market. With assets in excess of £50 million the company is expanding in Europe. Applicants, aged 23-27, should be chartered accountants and should telephone or write to David Hogg FCA, quoting reference l/1909.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

TRINITY COLLEGE OF MUSIC LONDON

Accountant

Trinity College of Music is one of the country's leading Institutions for teaching music and also provides a world-wide external examinations service.

The College is seeking a qualified Accountant (preferably in the New Year) to be responsible to the General Administrator for all the work of the Finance Department of the College.

The position provides an excellent opportunity for an experienced Accountant seeking a post with considerable independance and particularly someone interested in music or higher education.

The salary will be about £7,000 and is related to NJC scales. For further details and application form please ring Assistant to General Administrator, 01-935 5773. Closing date for receipt of applications 1st December.

Financial Director

A Company in the West London area, part of a major international Group, wishes to appoint a Financial Director who, as a full member of the Board, would contribute to the business policy of the Company, as well as providing cost and financial guidance to the Managing Director. Certain negotiating, including Ministry of Defence, would also be a part of the total responsibility.

The position is likely to interest a Chartered, or qualified, Cost Accountant, with some management experience in a manufacturing organisation. The Group has a good track record of inter-company promotions.

Applications are invited from qualified Cost or Chartered Accountants, with some experience in manufacturing, and of Ministry of Defence contract negotiations. Some knowledge of computerised accountancy systems, particularly stock control, would be a distinct advantage.

The position, which carries the usual perquisites, including car, relocation allowance and an attractive pension scheme, is likely to interest executives already earning more than £10,000 per annum.

Applications should be addressed to:- Chief Executive, Box No A6965, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY, and will be treated in entire confidence.

DISBURSEMENT ACCOUNTANTS

Felixstowe **£9,000 neg.**

A busy shipping line requires experienced disbursement accountants to analyse and prepare voyage accounts.

An excellent salary will be paid together with relocation expenses.

Call Keith Sieloff on 01-248 6321; outside offices on Norwich (0603) 738313.

Personnel Resources Limited 01 248 6321
Financial Appointments Hillgate House, Old Bailey, London EC4M 7HS

Assistant Accountant Personnel Officer

REQUIRED FOR SEMI-PROFESSIONAL ASSOCIATION

Sound working accounting ability combined with pleasant manner essential. Good salary and congenial conditions offered. Full details, including present salary, to Director of Finance and Administration, The Country Landowners' Association, 16, Belgrave Square, SW1.

BERMUDA

CHARTERED OR CERTIFIED ACCOUNTANT

Applications are invited from chartered or certified accountants with broad experience of liquidations, bankruptcies and receiverships.

An initial contract of two years is envisaged with an option to renew for a further term by mutual agreement. Salary negotiable.

In the first instance ring 01-601 4182


Chivas Regal is always
Rarely

Kenneth Gooding reports on the Korean motor industry's prospects

The Pony that wants to race against the horses

THE WORLD'S major motor manufacturers are keeping an interested eye on Hyundai of South Korea just in case the completely different approach of this oriental upstart in the industry does pay off and provide an example to others.

Hyundai began car production in 1968, assembling Ford Cortina kits, but was encouraged by the Government to launch a "Korean" car. The Pony, designed by Giorgetto Giugiaro of Italy, engineered by George Turnbull and his team from Britain and powered by a Mitsubishi-designed engine from Japan, was launched in 1975 and is "Korean" by virtue of the claimed 96 per cent local content.

In 1976 the company produced 30,000 and this has risen to 110,000 for 1979 in steps of roughly 30,000 a year. The South Korean Government's stated intention is to have its car makers Kia, Saehan and Hyundai make up the industry—*turning out 2m cars a year* by 1985, that is, an increase of tenfold in five years. Hyundai's stated intention is to *account for half that total*.

If that progress is achieved, and there is ample evidence that it will not be, Hyundai will have overtaken all but the top ten of the world's car makers by 1985.

The hybrid Pony: Italian design, British engineering and Japanese engine—built in South Korea and photographed in *France*

Industry from scratch

What makes the declared aims look over-ambitious is that the three South Korean car producers have had to encourage and nurture a component supply industry almost from *scratch during the 1970s*. And in most years output targets have been missed because of component supply constraints.

However, to all intents and purposes South Korea was like a country at war even before President Park was assassinated. The authoritarian Government kept the population working towards declared goals by imposing the strictest supervision—some critics described it as a police state. There is, for example, a 10 pm curfew which *makes for an alert and energetic* workforce.

Only time will tell whether the country will settle back to what passes for normality after a new president is sworn in. But as far as many influential South Koreans are concerned, the enemy, in the form of North Korea, remains at the gate and a unified national effort is *needed to produce the goods to* pay for the military effort required to keep him out.

And automotive products could provide substantial export earnings in the future. For example, not content with starting a motor business from scratch, Hyundai also decided it should learn about exporting from the very beginning as well.

So, although it could sell every car it produces in the home market, some 20 per cent of Pony output has religiously been put aside for export.

In the early days some apparently *out-of-the-way* markets were tested. Guatemala, El Salvador, Chile, Saudi Arabia, Libya and Greece were *on the list*. This gave Hyundai useful information about the way its cars performed in a variety of climates and road conditions. The company did not forget that back-up service is most important in new territories, so the results were encouraging. Chile took 2,000 Ponies last year, Greece 1,800; that figure will rise to 2,500 in 1979.

The next stage in the strategy was to use Europe to test the potential for the Pony in more sophisticated markets—not only the Common Market territories but, ultimately, the U.S., the world's biggest car market and one which has already revealed it will absorb "oriental" cars by making the Japanese the most-successful importers.

For, strange as it may seem, the European-designed and engineered Pony is apparently perceived by Europeans as being "an oriental" car.

Soo Chun Lee, managing *director of Hyundai's European* operations, says that the Pony has been capturing sales mainly from the Japanese makes in the initial build-up period. In Holland, Hyundai has overtaken Subaru, a contender in the market for three years, and "soon we will move ahead of Daihatsu."

This obscures the fact, *however*, that the *Japanese* cars originally cost the Japanese manufacturers sales.

Hyundai's market research showed it should set up first in the Benelux countries where there is no dominating "local" car maker and where the motorists have revealed a willingness to try vehicles with names they have never heard before.

Taking the Japanese approach, Hyundai has been collecting together a network of small dealers scattered through the more-populous parts of Holland and Belgium; there is also one in Luxembourg City. *The hope is that as Hyundai* becomes more important in the markets the dealers will "grow" with it.

Some of the dealers have switched from Japanese makes but Hyundai has also attracted others who handled East European models such as Lada and Skoda as well as a few discouraged BL people.

Feedback from dealers

In Holland Hyundai has set up its own import business because "we want to learn our own lessons. When we talk to potential importers in other markets we need to talk to them with experience behind us," says Lee.

It has also been useful for getting feedback about the Pony's deficiencies from the dealers. And the early models did not meet European standards in terms of finish, comfort and trim.

Lee brought to Europe from South Korea a group of Hyundai production people so that they could spend two weeks trying out the Pony's competi*tion and see what his dealers* were complaining about.

"Now," he maintains, "if the dealers come up with a valid suggestion about the car we can feed the information back to the factory and within a couple of months they have usually solved the problem or made the changes."

So far Hyundai is the only one of the South Korean car makers to do any exporting and Lee believes the knowledge his company is gaining from its European experience will stand it in very good stead once supply and demand in the home market are more evenly matched. "We will be able to put a much better car on the market than our rivals."

In Belgium, Hyundai has appointed Mookens, a trading organisation, as its importer. The gap was created by BMW, the *West* German group, which has been taking over its own import business in the major markets and took the franchise back from Mookens.

Hyundai has so far signed up 75 dealers in Holland and 70 in Belgium and these totals will grow to 100 and 80 respectively by the end of 1979.

The company hopes to expand by *moving into two new* European countries each year. Switzerland and Austria are scheduled for 1980 with Norway *and Denmark to follow*. "But this depends on whether output in South Korea keeps rising in line with the planned progress," Lee says.

In three to four years' time Lee would hope to see Hyundai with a 1.5 per cent market share in Belgium and Holland at least, which would involve exporting about 165,000 cars to those countries alone. The Hyundai group's shipbuilding subsidiary is already building a car carrier so the Hyundai *shipping offshoot can handle* some of the transportation work.

There are no immediate plans to tackle the big European markets with their own, well-entrenched manufacturers. This is true even of the UK which is looking more and more like a "soft" market for importers.

But as far as Hyundai is concerned that old, but still effective non-tariff trade barrier, right-hand-drive, makes Britain look relatively unattractive.

However, the next "Korean" car will be a *front-wheel-drive* model and be designed from the outset to convert to right-hand-drive.

Once again, Hyundai will buy in the necessary technology, probably from Europe. As Lee says: "The rest of the world seems interested in investing in *South Korea. But it is an in*vestment of technology which interests us—not of cash."

BOOK REVIEW

BY DAVID MARSH

Metal fatigue

THE international markets in precious metals have had an extraordinary year. Unprecedented price rises for gold and silver have taken place against a background of feverish speculation, rising inflation and general *currency* uncertainty.

Further away from the headlines, but equally significant, price increases for platinum and associated metals like palladium and rhodium have been only a little less extreme. This has important implications for industry, especially as South Africa and the Soviet Union, the two main gold producers, also dominate *supplies of the platinum* group metals.

British investors have just been plunged into the midst of the flurry caused by the Government's decision last month—as part of the lifting of exchange controls—to allow UK residents to buy and sell gold bullion.

These circumstances have created an acute need for a *concise* reference book which would provide something of an explanation for the price explosion, and assess the indus*trial*, monetary and *strategic* implications. Unfortunately, "Guide to Precious Metals and their Markets" falls way short of the mark.

The book runs through the main characteristics of gold, silver and the platinum group metals and their markets in a workmanlike enough manner. It plies the reader with liberal, *perhaps excessive, quantities of* tables, graphs and statistics. But it fails adequately to answer the question — admittedly, a taxing one — on most peole's minds: why the markets have been behaving in such an extreme, and sometimes downright irrational way. Worse, it is on occasion remarkably sloppily written and contains a number of inaccuracies.

Perhaps the very timeliness of the book's publication, at the crest of an unprecedented and unpredicted price surge, is its main drawback. Many assertions made by the authors, for instance on the monetary role of gold or the supply/demand factors influencing the silver price, appear to have been based on the situation around the end of last year, when the gold price was still around $200 per ounce.

By the time the book received *its final updating in early* September—with the addition of a somewhat confused chapter on "Recent Developments," the gold price had reached $320, and some of the points made earlier in the book had been clearly contradicted. Even *more* unfortunate, from the authors' point of view, is that some conclusions look even more invalid in the light of the metal's rise to the heady heights of $400 to $450 later on in the autumn after the book *went to print*.

This applies to what was potentially the most interesting part of the book, that dealing with gold's monetary role. Of course, virtually everyone is confused by the semantic and the political *connotations* of the de- and re-monetisation arguments which have been going on for years between the U.S. Treasury and monetary authorities from other countries. But the book makes unnecessarily heavy weather of it all.

Stop-gap

In the final chapter, it states flatly that "gold no longer fulfils a monetary role." Yet earlier, noting the official trend towards de-monetisation since 1971, it had argued that "all the recent attempts to remove gold from the *world monetary* system have been only stop-gap measures. All have included some linkage with gold while denouncing it, in the hope that this would provide more time *to find an alternative*."

The book also argues that it is inevitable that gold's role in the monetary system will become eroded with time; it *quotes figures from the* International Monetary Fund showing a fall over the last 10 years in the proportion of world monetary reserves held in bullion.

The doubling of the gold price over the last year and a half has, however, exploded this thesis. Even using the fairly conservative valuation for gold of around $300 per ounce used *at present* by EEC central banks for the purpose of transactions within the European Monetary Fund, world official gold holdings at the moment are worth slightly more than foreign exchange reserves.

It is a serious failing that the authors do not mention—let alone discuss—the mechanism agreed within the EMS which allows Common Market central banks indirectly to mobilise part of their gold reserves.

Turning to the reasons for the rapid rise of gold, silver and platinum this year, the authors point out that changes in supply *and industrial* demand *are minor* and cannot be considered as an explanation for the price movements. Yet the book ignores the clear case that a definite increase in gold's monetary role —through the central banks' set*ting, at least in a psychological* sense, a "floor" for the metal by their revaluation of gold holdings—has been one of the prime reasons for the increase.

There has been a significant increase in gold holdings in the portfolios of big investors around the world — whether wealthy private citizens, institutions, banks or the odd monetary agency.

The authors are quite right to state that much of this investment has been illogical. "Investment in gold does not have to be a perfect hedge against the fall of a currency's value. People only have to believe that it is."

But surely it would have been more profitable to make a proper analysis of portfolio shifts around the world rather than to labour the points about rising inflation and political unrest.

Among the more blatant inaccuracies, the book records that the Smithsonian currency realignment was in autumn *1971 (in fact it was December)*; that in 1978 the Soviet Union all but ceased making gold available to the market (*according to Consolidated Gold Fields*, it sold 410 tonnes, against 401 in 1977), that the years since 1975 have been a period of recession in the U.S. and that EEC countries follow a policy of having a proportion of their currency backed by gold reserves.

Perhaps the most interesting parts of the book are the metallurgical data — areas obviously most familiar to the authors. But such tit-bits of information should form only background material in a book like this, not be promoted to the heart of it. Probably the best thing about *this book's appearance* is that it will encourage someone else to write a better one.

Guide to precious metals and their markets. By Peter Robbins and Douglass Lee. Kogan Page. £14. John Edwards, who is on the staff of the Financial Times, acted as a consultant to the authors.

Business courses

Purchasing for the Smaller Company, London. January 9-10. Fee: £120 (plus VAT). Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ.

Preparation and Planning for Word Processing, London. January 10. *Fee: £70 (plus VAT).* Details from ICFC Management Studies Centre, 5 Victoria Street, Windsor, Berks, SL4 1EZ.

What is Organisation Development? Brunel University, Uxbridge. January 10-11. Fee: £110. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middx., UB8 3PH.

Managing Management Development, Bradford. January 20-25. Fee: £260. Details from The Course Secretary, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire.

***Financial Management* for Non-Financial Managers**, Switzerland. January 14-25. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

The Computer in Personnel Work, West Midlands: *January* 21-23. Fee: £175 (members), £205 (non-members). Details from Course Administrator, *Compower*, Cannock, Staffs.

Action-Centred Leadership: an appreciation, Sheffield. January 21. Details from The Industrial Society, Peter Runge House, 3 Carlton House Terrace, London SW1Y 5DG.

Risk Management in Practice, London. January 21-25. Details from Risk Research Group, Bridge House, 181 Queen *Victoria Street, London, E.C.4.*

Fundamental Issues on Business Performance and Productivity, London. January 10-11. Fee: £145 (plus VAT). Details from Accelerated Management Development, Six Sheet Street, Windsor, Berks.

COMPANY NOTICES

THE SANKO STEAMSHIP CO. LTD.
(CDRs)

Referring to the advertisement of July 23rd, 1979, the undersigned announces that the original shares from 2½% free allotment have been received. As from December 4th, 1979, one new CDR The Sanko Steamship Co., Ltd. com.cp.no. 18 p.c.s. and talon will be available at Kas-Associatie N.V., Spuistraat 172 in Amsterdam, against delivery of 50 div.cp. no. 12 of The Sanko Steamship Co., Ltd.

In Luxembourg div.cp.no. 12 can be delivered at Kredietbank S.A. Luxembourgeoise, for this purpose.

After 10.12.1979 the equivalent of the CDRs which have not been claimed by the holders of div.cp.no. 12 will be sold. The proceeds, after deduction of expenses, will be held in cash at the disposal of said holders.

Amsterdam,
November 9th, 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

NIPPON DENSETSU KOGYO CO. LTD.
NOTICE TO EDR HOLDERS

NOTICE HAS BEEN GIVEN to shareholders of the Company that at a meeting of the Board of Directors of the Company held on 22nd October 1979 it was resolved that the Company shall make a free distribution of Ordinary Shares of Common Stock of par value Y50 each at the rate of 0.1 New Share for each share to shareholders on record as at 30th November, 1979.

Copies of such Notice may be obtained from the Company at its registered Head Office:—
12-20 Ueno 2-Chome,
Taito-Ku,
Tokyo, Japan.

Robert Fleming & Co. Limited hereby informs EDR holders that Coupon No. 1 to the EDRs will be used for the purpose of claiming the European Depositary Receipts evidencing the new shares and has therefore been deemed to mature at the close of business in Brussels on 26th November, 1979. After that time Coupon No. 1 should be detached from any EDR presented for surrender and would not be issued with any new EDR.

The distribution of the certificates for the new shares will be made available on the 1st February 1980 and EDRs in denominations of 100 each representing the new shares, will be available for collection against surrender of Coupon No. 1 with effect from 4th February, 1980 at the Offices of:—

Robert Fleming & Co. Limited,
8, Crosby Square,
London EC3A 6AN.

Morgan Guaranty Trust Company of New York,
Avenue des Arts 35,
Brussels B-1040.

The new shares will rank for dividend payments with a record date on or after 1st June, 1979 and in all other respects will rank pari passu with the existing Ordinary Shares.

For the purpose of allocation of the free distribution of shares and determination of shareholders to be paid interim dividends, the registration of transfer of shares and alteration of any other entry in the register of shareholders shall be suspended from 1st December, 1979 to 31st January, 1980 (inclusive).

N.B.—Ex-Rights date on the Tokyo Stock Exchange: 28th November, 1979.

ROBERT FLEMING & CO. LIMITED
Depositary

20th November, 1979.
London.

LEGAL NOTICES

IN THE MATTER OF BEE CHEMISTS (CAMBRIDGE HEATH) LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of December, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

KEITH DAVID GOODMAN, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of November 1979.

K. D. GOODMAN, Liquidator.

This Notice is purely formal. All known creditors have been, or will be, paid in full.

IN THE MATTER OF TRUEBROOK FINANCE LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 20th day of December, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 8th day of November 1979.

P. MONJACK, Liquidator.

THE COMPANIES ACTS 1948 TO 1976
ENTERPRISE EXPRESS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 27th day of November 1979, at 2.20 o'clock in the afternoon for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 12th day of November 1979.

By Order of the Board,
MICHAEL A. WISE, Director.

UK NEWS—PARLIAMENT and POLITICS

MPs demand inquiry into spying case

BY IVOR OWEN

BACKBENCH LABOUR MPs yesterday called for an inquiry as well as a Parliamentary debate into the events following the confession in 1964 by Anthony Blunt, former Surveyor of the Queen's Pictures, that he was the "fourth man" in the Burgess-Maclean-Philby spy case.

They made clear their *determination to press for an* explanation of the veil of secrecy which even left the Prime Minister of the day (Lord Home) in ignorance of Blunt's role until he was publicly unmasked by Mrs. Thatcher last week.

Mr. Norman St. John Stevas, Leader of the Commons, who announced that the Prime Minister will open the debate to be held tomorrow, refused to give any indication of the Government's attitude to the calls for an inquiry.

The need for an inquiry was emphasised by Mr. Ted Leadbitter (Lab. Hartlepool) whose question led to the written reply by Mrs. Thatcher naming Blunt as a *self-confessed Russian spy* and the announcement from Buckingham Palace that the Queen had stripped him of his knighthood.

Mr. St. John Stevas urged Mr. Leadbitter to await Mrs. Thatcher's speech, adding that she had been "more open and responsive to the House than any of her predecessors."

This brought a protest from Mr. James Callaghan, who asked if Mr. St. John Stevas had been led astray into making a comment which, on reflection, he might wish to withdraw.

Mr. St. John Stevas replied: "I was praising the attitude of the Prime Minister. I was not condemning the attitude *of any of her predecessors*."

Labour backbenchers, led by Mr. William Hamilton (Fife Central), again voiced their suspicions that the timing of the unmasking of Blunt—last Thursday when the Government increased the Minimum Lending Rate to a record 17 per cent—pointed to an elaborate exercise in news management by Ministers.

They also used the example of the Blunt exposure to launch an attack on the limitations of Press freedom likely to be imposed by the Protection of Official Information Bill, introduced by the Government to repeal the "catch all" Section 2 of the 1911 Official Secrets Act.

Mr. Robin Cook (Lab., Edinburgh Central) argued that if the Bill had been law the newspapers would not have been able to deal with the exposure of Blunt.

Amid cheers, he insisted that the Bill had been "deeply discredited" by the events of the past few days.

In another searing attack on the Bill, Mr. Alan Beith (L., Berwick-on-Tweed) scornfully suggested that it was in danger of being called "The Protection of Incompetence and Covering Up of Treason Bill."

Mr. St. John Stevas implied that the anxieties aroused by the Bill were likely to be dealt with in tomorrow's debate.

Mr. Michael English (Lab., Nottingham W.) suggested that if the Government was not prepared to agree to an inquiry there would be nothing to prevent all the implications of the Blunt affair being probed by the new Select Committee on Home Affairs.

Nott seeks GATT action over U.S. man-made fibres

BY IVOR OWEN

BRITAIN IS to demand a more determined effort by the EEC Commission to secure a reduction in man-made fibre exports by the United States.

Mr. John Nott, Trade Secretary, told the Commons yesterday that he expects the EEC Council of Foreign Ministers at its meeting in Brussels today, to authorise the Commission to make an approach to the U.S. authorities under Article 23 of the General Agreement on Tariffs and Trades.

Signatories

Under this Article, signatories of the GATT are required to enter into formal negotiations over unresolved disputes.

Mr. Nott, who underlined his concern over the closure of Courtaulds' Red Scar works in Preston with the loss of 2,600 jobs, did not conceal his irritation *with the lack of urgency* so far shown by the EEC Commission.

"I think the time for fact-finding on this matter is over," he declared.

"We have been pressing for action for many months and I anticipate that the EEC Commission will announce tomorrow that it wishes to obtain the authority of the Council of Ministers to hold urgent talks under Article 23."

Replying to Mr. John Smith, Labour's shadow Trade Secretary, Mr. Nott stressed that it would be preferable to solve the problem by voluntary agreement rather than through unilateral action.

He agreed that it was all the more important to secure an early solution when the outlook for world trade was "so depressing."

Mr. Robert Atkins (C. Preston N) maintained that the closure of Courtaulds' Red Scar works was an indictment of the policies followed by both Conservative and Labour Governments.

● The Government is to double its grant towards the running of Citizens' Advice Bureaux, Mrs. Sally Oppenheim, Minister for Consumer Affairs, announced yesterday.

Mrs. Oppenheim, in a written answer to a question from Mr. John Fraser (Lab. Lambeth North) said that the grant for 1980-81 would be increased from £1.5m to £3m.

CAB role

This reflected the increasing role the CAB's were being asked to play, following the decision to cut Government aid to consumer advice centres.

Withdrawing aid to consumer advice centres will save the Government about £3.75m a year, it was recently announced.

The National Consumer Council said last night that the total amount spent on consumer advice was still being reduced and that the CAB's were not a direct substitute for specialist consumer advice centres.

Talks with French visitors

PRESIDENT Valery Giscard d'Estaing of France arrived in London yesterday on a two-day official visit.

He was accompanied by M. Andre Giraud, his Minister for Energy.

● M. Giraud (above left) held discussions at Thames House, Millbank, London, with his British counterpart, Mr. David Howell.

● Mrs. Margaret Thatcher, the Prime Minister (right) entertained the French President at Number 10 Downing Street.

Computer plans on target

By Michael Lafferty

INLAND REVENUE plans to *computerise the assessment of* PAYE tax deductions are on target, and the system could be operational from April 1987, says Sir William Pile, chairman of the Board of Inland Revenue.

He said computerisation was the most important thing that could happen to the revenue service.

He told the Commons Public Accounts Committee yesterday that studies on the project were now virtually complete. The revenue hoped to put its proposals to the Government before the end of the year. The cost of the project is now estimated at £130m.

The plan allows for an on-line system linking all the local tax offices, backed up by 11 regional processing centres.

It would still have to be decided whether the plan should be implemented on a broad front by a gradual process throughout all offices, or by trying the system out for a period in one of the Inland Revenue regions.

Sir William told the committee, chaired by Mr. Joel Barnett, the policies such as introduction of a tax credit scheme, or self-assessment, could not be accommodated until the computer system was functional.

Even when computerisation is complete for PAYE, Sir William said, the system would not be capable of accommodating an expenditure tax, or local income taxes.

Overall, however, computerisation would lead to improved service, a wider choice of policy options for Government, and better working conditions for staff.

He forecast that when the system is operational it will have saved 3,000 jobs at the Revenue and further costs of *£9m a year*.

Under questioning from MPs about the dangers of a small group of striking employees holding up the collection of taxes, Sir William said that this was a risk that had to be taken. The best guarantee against this happening was good industrial relations.

On the question of confidentiality, he asserted that the revenue must defend the confidentiality of taxpayers' affairs "come what may." But, if anything, a computer PAYE system might be more secure than manual methods.

Confusion over future Government role in BA

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. JOHN NOTT, the Trade Secretary, was involved in a heated wrangle in the Commons last night over control of British Airways once the Government carries out its proposals to sell off a substantial minority of the shares to the public.

Under intensive cross-questioning from the Opposition, he said that the Government did not intend to continue using its major shareholding in order to appoint directors to the Board of BA.

When the sale of shares was made, the airline would be allowed to get on with its job without Government interference and control.

His remarks came during the second reading debate on the Civil Aviation Bill, which paves the way for a change in status of BA from a nationalised undertaking to a private sector company.

Mr. John Smith, Labour's shadow Trade Secretary reaffirmed that if a Labour Government is returned to power it will re-acquire the shares which the Government intends to sell off.

Mr. Nott's statement about appointment of directors caused considerable confusion and a succession of MPs rose to ask him exactly what he meant.

They wanted to know how the public interest could be protected if the Government did not intend appointing its own directors to the Board of the airline.

Once the sale of shares was made, said Mr. Nott, BA would be governed by the ordinary provisions of the Companies Act in the same way as any other company.

"The Government will retain a substantial majority shareholding but the airline will cease to be a Government creature. It will stand and fall by its own effort," he declared.

Mr. Douglas Jay (Battersea N) wanted to know whether all the directors would be appointed by the Government or some by the minority shareholders.

Mr. Nott replied that when the company became quoted on the stock exchange, it was anticipated that a majority of the directors would initially be appointed by himself.

But thereafter it was anticipated that the shareholders would ultimately have this responsibility.

The Government did not seek to mobilise its shareholding in opposition to the Board or to appoint particular directors.

Mr. Jay again pressed him. As a major shareholder in the airline, did the Government *intend* to appoint some of the directors or none of them?

Replied Mr. Nott: "The Government, as a Government, will not appoint directors as such. The Government as a majority shareholder will have the right to appoint directors if it seeks to do so.

"But it is not our intention to mobilise that right.

"We will allow shareholders generally to chose directors. We will not seek to appoint our own directors to the Board."

At this, Mr. Smith leapt to his feet demanding to know whether Mr. Nott was really serious.

Was he really saying that as trustees of the public shareholding, the Government was not going to use its normal right to appoint directors?

Mr. Nott retorted: "We don't, as a Government, intend to appoint directors to the Board. We will, of course, have rights under the Companies Act to do so and we don't intend taking power to preclude us from appointing directors to the Board. The matter will be entirely open."

Mr. Sam Silkin, Labour's former Attorney-General, pointed out that in the case of British Petroleum the Government had retained one or two directors on the Board for 50 years.

He wanted to know why it was intended to depart from the practice in this case.

But Mr. Nott told him: "The situation in BP is very different. There is no direct analogy with BP."

Replying from the Opposition front bench, Mr. Smith predicted that the taxpayer would lose heavily from the sale of shares because now was a poor time to put them on the market.

He maintained that some purchasers would hope to buy cheap and sell dear.

A future Labour Government intended to re-acquire the shares because it believed in public ownership of the national airline.

Call for non-executive directors

BY ELINOR GOODMAN, LOBBY STAFF

ALL MAJOR quoted public companies should have to give shareholders the opportunity to elect at least three non-executive directors at their annual general meetings.

This suggestion comes in an amendment which Sir Brandon Rhys Williams (C., Kensington) is hoping to get inserted into the Companies Bill when it *returns to the House of* Commons for its report stage.

The amendment would also require all large companies to consider setting up an audit committee of the board along the lines of those set up by large U.S. companies.

The amendments represent the latest stage in Sir Brandon's 10-year campaign to require large companies to appoint non-executive directors with increased supervisory powers.

In the past, he has put them forward in successive Private Members' Bills which have attracted backbench support on both sides of the House—but *have* always run out of time.

During the committee stage of the Companies' Bill now going through Parliament, Sir Brandon again tried to get the requirement to appoint non-executive directors into the Bill.

But he agreed to withdraw his amendments after an assurance that he could introduce similar clauses at the report stage.

He was given the impression that the Government would not oppose these if he was prepared to modify them slightly.

The result is that his new amendments would require companies to put the appointment of non-executive directors to the vote only at their AGM and not, as before, insist that such directors were appointed.

At the end of last week, the Government itself tabled numerous amendments to the Bill and more are expected next week.

Panorama film seen by police

THE BBC Panorama film of an IRA patrol, seized last week by the Metropolitan Police, has now been examined by police officers and the Director of Public Prosecutions, Sir Michael Havers, the Attorney General, said tonight.

In a Commons written reply to Mr. William Ross(Ulster Unionist, Londonderry), he said that arrangements had been made for the Royal *Ulster Contabulary to view* the film "very sooon." Police investigations into the filming of IRA terrorists at Carrickmore on October 17 were continuing simultaneously in Northern Ireland and England Sir Michael added.

● LEASE WARNING: Tenants of Esso filling stations are being warned by the Motor Agents Association of the dangers of the oil company switching leasing agreements to licences.

Mr. Bob Pearson the association's petrol services director claimed this weekend that tenants would lose important rights under the Landlord and Tenant Act if they *accepted an operating licence* instead of their present lease. He claimed that tenants would become "company men" at the mercy of the oil company. Their right to operate as independent businessmen setting their own prices and profit margins would be lost.

● *ONE-PARENT BENEFITS:* About £1.7bn a year in social security benefits will be paid out to one-parent families following the Government's decision to uprate the benefits, Mr. Reg Prentice, Social Security Minister, said yesterday in a Commons written reply.

● *INFLATION:* The Government's tax and price index was 14.8 per cent higher in October than a year ago, Mr. Nigel Lawson, Financial Secretary to the Treasury, said yesterday in a Commons written reply.

● ENERGY LABELS: A Government move to save energy by marking household appliances with energy efficiency labels will cost between £17m and £22m a year, Mr. John Moore, Energy Under Secretary, said yesterday in a Commons written reply.

The franc in its new world role

THE ROLE of the Swiss franc in the international financial and capital markets is shaped by three conflicting forces. First, there is the desire of the Swiss banking system to service investors and borrowers of funds of all maturities from all over the world. Secondly, there is the interest of international investors in the stability and strength of the Swiss franc, matched by the interest of borrowers in low Swiss franc interest rates. Thirdly, there is the desire of the Swiss authorities to prevent the franc exchange rate, and domestic Swiss franc interest rates, from being dominated by the shifting sentiments of international investors.

The result is that the access of international investors and borrowers to the Swiss franc is orchestrated by the Swiss authorities with varying degrees of success at different points on the maturity scale.

At the short end the authorities have had to put up with the emergence of a Euro-Swiss franc market. But they have done what they can to prevent the franc becoming a reserve currency and have attempted to insulate Swiss internal short-term rates from external influences.

Swiss banks tend to be liquidity-rich—they have more Swiss franc funds deposited with them than they can invest in Switzerland. So they tend to deposit these short-term francs in the Euro-currency market, either directly as Euro-Swiss francs lodged with a bank outside Switzerland, or by converting them into dollars and at the same time selling those dollars forward to cover themselves against currency risk. They thus use the Euro-currency market as their interbank money market.

Internal Swiss franc rates follow the Euro-rate but not very faithfully. This is because although the Swiss banks may deposit excess Swiss francs in the Euro-franc market they are prevented by the negative interest rule from raising cash in that market from their own branches abroad, or from any other would-be foreign depositor.

Moreover, the National Bank has made sure that non-banks within Switzerland may not borrow many Swiss francs from Eurobanks directly (and thus bypass negative interest). As a result, in periods when the Swiss franc is popular in the currency markets, the Euro-franc rate will become negative but the domestic Swiss rate will not.

The Euro-Swiss franc rate remains close to the rate dictated by the interest obtainable on Euro-dollars less the cost of forward cover against dollar fluctuations. In practice it can deviate from this rate because of assymetric Swiss National Bank controls which place no limit on the amount of Swiss francs which Swiss banks may *deposit* by way of dollar swaps but which do limit the quantity of francs they can *raise* through dollar swaps.

Forbids

The National Bank also forbids the overseas arms of Swiss Banks, and anyone else it can influence, from issuing short-term Certificates of Deposit (CD) in Swiss francs. Nor has it allowed a Swiss-franc CD market to develop inside Switzerland, apparently because such paper would immediately be exported to circumvent the negative interest rule.

By preventing the emergence of Euro-CDs the National Bank hopes to restrain the availability to investors of Swiss franc paper of a sort which could be bought or sold in a wave of currency speculation.

The net size of the Euro-Swiss franc market at the end of last year (Swiss franc liabilities of banks outside Switzerland to non-banks within the BIS reporting area and banks and non-banks outside the area) was $15bn compared with the overall net size of the Eurocurrency market of $545bn.

The gross figure, which includes interbank transactions within the reporting area, was $28bn compared with $535bn for the market as a whole and with $94bn for the D-mark component. According to an SNB official some 25 per cent of gross Euro-franc deposits are made by banks in Switzerland with banks abroad, while about one quarter of the net Swiss franc assets of Eurobanks are advances to the Eastern european countries.

While the National Bank has not prevented the emergence of this sizeable offshore deposit market, it keeps a firm grasp on the deployment of Swiss franc paper and securities. It uses the central bankers "net" to deter banks from issuing Swiss franc CDs—which are not allowed in Switzerland either—and it goes to some lengths to prevent any sort of market in international Swiss franc securities of a medium term maturity from developing.

International investors and borrowers do have access to medium-term securities in Swiss francs but the business of issuing them is carefully preserved for Switzerland and is controlled in Switzerland's economic interests. The privately placed medium-term note issue is one of the chief vehicles of Swiss capital export and re-export.

The maturities range from three to eight years. The notes are essentially non-marketable—though a Swiss bank is often able to make arrangements for an investor who wants to sell. They cannot be redeemed early by the borrower. They cannot be sold to banks or to central banks abroad or to U.S. investors. The issuing banks are duty bound to remain silent about the terms of issue (though borrowers often reveal this information).

The reason for these precautions is partly to keep the primary market in Switzerland, partly to prevent the rise of the Swiss franc as a reserve currency and partly to protect the politically important Swiss mortgage market from overseas influences.

Mortgages are important in Switzerland. Much of the Swiss housing stock is financed with perpetual mortgages which are transferable with the property. The rates on these mortgages determine rents and affect agricultural prices, and hence the cost of living index. The mortgages are financed with medium-term paper issued by the Swiss banks with maturities of three to eight years (and available, less withholding tax, to foreigners).

The mortgage interest rate, which is reset every six months, and the rate at which the paper is issued, are controlled by the Swiss National Bank. This is easier to achieve if potentially rival investment opportunities of the same maturity are not allowed to emerge.

Despite these constraints, private placements will provide the largest share of Swiss capital exports and re-exports this year. In the nine months to the end of September notes worth SwFr 9.2bn were issued for foreign borrowers, of which SwFr 1.6bn were for refinancing. This suggests that the total for 1979 will comfortably top the previous record in 1976 of SwFr 10.5bn for one year.

These figures give some indication of the contribution of such notes to Swiss capital exports, but the National Bank has yet to reveal what redemptions will be in 1979, or what proportion of these notes were subscribed for by foreigners.

The National Bank's statistics suggest that the slowest growth in capital exports has come by way of public bond issues for foreign borrowers with a maturity of 10 years and more. There were Sw Fr 3bn worth of these issued in 1972 and volume in the first nine month of this year was Sw Fr 4.4bn—roughly in line with the whole of 1978.

Foreign bonds are the category of Swiss franc security subjected to the least official constraint. Nevertheless, the National Bank has made sure that both the primary and secondary markets remain firmly inside Switzerland and that no Euro-Swiss franc bonds make their appearance. The coupons are, however, set by an unimpeded interplay of market forces and foreign central banks are allowed to buy this long-dated paper.

Memories

There was a time when prestigious borrowers queued up to float their Swiss franc bonds. Now those days are only fond memories for the Swiss banks. It is clear that in the early days of floating exchange rates the lure of low Swiss coupon rates was not offset by corresponding fears about currency appreciation because few people could imagine how strong a "strong currency" would prove in the post-Bretton Woods era.

Today, blue chip corporate treasurers are wary of long-term Swiss francs—some having had their fingers burnt. U.S. accounting standards for foreign currency exposure are a deterrent as well. The result is that the Swiss banks have been forced to become less choosy about prospective issuers of Swiss franc bonds than they once were.

Whereas the strength of the Swiss franc made borrowers shy in 1978 and early 1979, investors have since emerged as a problem too. Mounting inflation, a weak franc, and long-term interest rates which have failed to compensate for these new developments, are all keeping the investor on the sidelines.

The final channel for Swiss capital exports is Swiss franc credits. Many of these are linked to exports of Swiss goods for which an attractive financing package has become, of steadily increasing importance as the value of the Swiss franc has risen.

The majority of such loans are from five to eight years in maturity and are of fixed rate, sometimes with a rate adjustment at infrequent intervals. For infrastructure financing the maturity can stretch out as far as 12 years.

Such loans are made wholly from Swiss sources: they are not syndicated to banks outside Switzerland and hence the yearly totals for such lending do not include an element of re-export of capital. The total has risen rapidly in recent years from SwFr 3.2bn in 1975 to SwFr 11.7bn in the first nine months of this year.

Nicholas Colchester

Official regulatory powers put to the test

THE DECADE of intermittent currency turbulence since the break-up of the fixed foreign exchange rate era at the start of the 1970s has been a period of challenge and controversy for the Swiss banking authorities. The National Bank, working closely with the Finance Ministry and the Federal Banking Commission, the country's banking supervisory agency, has responded with a series of initiatives aimed at curbing fluctuations of the franc and controlling inflows of footloose funds.

At the end of 1979, with the currency storms having—for the moment at least—died away, and money supply growth returning to normal after last year's aberration, the policy seems to have enjoyed a fair measure of success. But it has demanded fundamental changes in official attitudes. Neutral Switzerland, at least so far as monetary policy is concerned, had become isolationist. Facing up to the limitations placed on independent policy action in a currency crisis, the banking authorities have gradually accepted the need to become more closely enmeshed in the international machinery of banking supervision and management of foreign exchange relationships.

There is no doubt of the test to their regulatory powers that the banking authorities have been facing. Since Switzerland gave up defending a fixed rate against the dollar in January, 1973, the franc has appreciated by 126 per cent against the U.S. currency and 27 per cent against the Deutsche Mark. The overvaluation of the franc reached a peak last September—when the appreciation rates were 157 and 46 per cent respectively and threatening disruption of the country's export-orientated economy. At the same time the Chiasso banking scandal uncovered in 1977, as well as a series of smaller banking "affairs," threw the central bank into the midst of a bitter domestic controversy about the role of the Swiss banks as a magnet for international hot money.

The response to this challenge in terms of monetary policy and intervention policy has already been discussed in the introduction to this survey. But the new spirit of internationalism shown by the authorities has taken other forms as well. Partly as a result of concern over the banks' foreign exposure generated by the Chiasso affair, the Federal Banking Commission has acquired powers to set capital ratios for the country's commercial banks on the basis of their consolidated balance sheets. The Swiss scheme ties in very aptly with a general move by banking regulatory authorities to find ways of checking the rise of international bank lending.

The Swiss scheme was introduced by the Berne-based Federal Banking Commission last year. But effects of the new rules on banks' activities are only now becoming apparent — and the banks themselves are still querying the legal basis of the system. The Commission laid down that the banks, for the first time, had to supply the supervisory authorities with consolidated balance sheets, starting with the 1977 business year, although there is no requirement to make these public. It extended the already existing system of capital ratio *limits on banks' business* volume to cover their consolidated balance sheets as well as the parent company itself.

Adequacy

The aim was to ensure the capital adequacy of banks with subsidiaries in the financial and banking sectors, particularly those operating internationally, as well as to allow both the supervisory agencies and the banks themselves to improve assessment of the risks impinging on the whole of banks' balance sheets.

The new rules were put into effect mainly from the viewpoint of improving still further Switzerland's standards of protection for depositors. But the basic principle behind the regulations — the feeling that supervisory techniques, especially in the area of consolidation, had not kept pace in recent years with the growth of banks' international business — is the same one that has inspired concern among central bankers over the past year or so over the build-up of Eurocurrency lending.

The West German authorities in particular hope for eventual agreement on a global system of capital or liquidity ratios for banks operating on the Euro-market. So the Swiss system is serving as an important model of what might be done on a general scale to keep better tabs on international lending.

The regulations already in force on Swiss banks' balance sheets prescribe that banks' capital and reserves should not fall below a set percentage of their total liabilities. The ratio varies from bank to bank because according to a complicated sliding scale, different types of bank assets are also taken into account in the calculations. But the average capital ratio last year came to around 6.5 per cent — quite high by international standards, with the larger Swiss banks having to maintain their capital base at an even higher percentage of 7 per cent to 8 per cent.

Better

Figures published by the Banking Commission earlier this year revealed that out of 103 banks surveyed for their capital adequacy, 94 had sufficient capital to cover the requirements on their consolidated balance sheets for 1977—according to Commission officials, a somewhat better result than had been expected. But nine were short of target by some SwFr 620m.

Three of these raised their capital by SwFr 360m at the start of 1978, compensating either wholly or partly for their capital deficiency. This left seven banks—only five of which were judged to have a serious shortfall — with a capital adequacy of SwFr 260m.

The five, none of which has been named, were asked by the Banking Commission to take steps to make up for the deficiency. One bank, with a shortfall of 30 per cent, had to raise capital immediately, while the other four were given a two year period in which to take action.

Significantly, three of these four were members of the "Big Five," whose Euromarket subsidiaries in areas like Luxembourg and the Caribbean with minimal regulations on capital adequacy have led to a particular dilution of the consolidated capital base.

As might have been expected, the banks have not been pleased with the Commission's measures, which they feel will weaken their international competitive position. The banks which have been asked to raise capital have questioned whether the Commission has the legal right to force through such a request, and the two sides are currently deep in negotiation on the subject.

The president of the Commission, Dr. Hermann Bodenmann, recently revealed that the Government would probably determine new capital ratios for banks in 1979. He said that this review had been made necessary by the move towards consolidated balance sheets and explained that the differing development of the various areas of each bank's activities would have to be taken into account in devising the new rules. He conceded that Switzerland's capital ratios were among the top third when compared with ratios internationally, but argued that they are not as great a burden as the banks have claimed.

The Commission has also stepped up its co-operation with foreign supervisory agencies through channels such as the Bank for International Settlements in Basle; the need for improved international co-operation is likely to be stressed in the draft for the new Swiss Banking Law planned to come into force in 1983 or 1984.

Similarly, a Government-sponsored Bill which the Justice Ministry hopes will become law by 1981 will allow foreign tax inspectors—for the first time ever—to lift the veils of Swiss banking secrecy when pursuing certain types of tax offender. This is a result of the growing feeling among the Swiss authorities that too much banking secrecy, by attracting speculative "capital flight" money and alienating other countries' governments, is doing Switzerland more harm than good.

A similar pragmatic approach is evident regarding the increasing use of the franc as an internationally held reserve currency. The National Bank has concluded that, as the franc is becoming internationalised — willy-nilly—via the Euromarket, it is better to allow a controlled expansion of its reserve role rather than let the development take place in an unregulated manner. So Dr. Fritz Leutwiler, the bank's president, is making plans to set up facilities for foreign central banks to hold Swiss francs by buying special issues of money market paper or opening accounts at the central bank—a realistic and undogmatic approach which other reluctant reserve currency countries such as Germany would do well to follow.

The changes in the international scene are being accompanied by significant, though less dramatic, shifts on the domestic front. Since its formation in 1906 the National Bank has repeatedly found its regulatory powers severely hampered by the peculiar checks and balances in Switzerland's unique system of decentralised democracy. It has had to grapple in particular with the complexities of the Swiss constitution and the difficulty of getting new legislation on to the statute book. This meant that until quite recently many of the bank's instruments for controlling money supply were based on emergency laws and "gentleman's agreements" with the commercial banks.

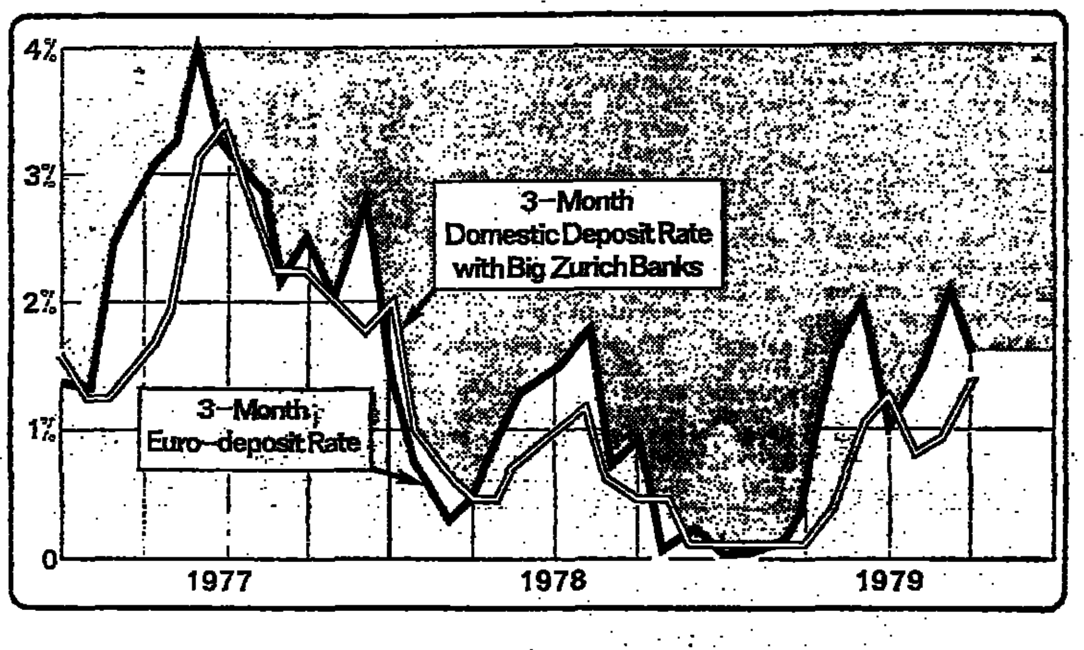
Backing

As a result, however, of the electoral green light being given in a federal referendum in early 1978, the Government was able to enact legislation *consolidating* the *emergency* measures and setting down the legal framework under which the National Bank co-ordinates monetary policy decisions with the Cabinet. The revised National Bank Law came into force last August. It provides the central bank for the first time with full statutory backing for credit policy instruments such as imposition of minimum reserves and carrying out of open market operations.

The aim is to allow the central bank a full range of measures for smooth monetary control. Despite the new law, however, the National Bank is likely to remain something of an oddity among the world's central banks. For instance, bill rediscounting and Lombard advances will continue to play only a minor role in the bank's credit facilities because of the lack of bill liabilities among private enterprise or the public sector in Switzerland.

And the bank will remain the only major central bank in which its Government itself has no shareholding. Owned 59 per cent by cantonal and other public sector bodies and 41 per cent by private investors, the National Bank is uniquely hung between pressure groups from the Government, cantons and the commercial banks, as well as from abroad—a delicate position in which finesse and flexibility will be just as much required over the next decade as it has been over the last one.

David Marsh



Zurich's character as a gold centre

THESE ARE disturbing times for the Zurich gold dealers. Much of their demand is based upon the premise that investors should keep some gold as the bedrock of their investment portfolio. Yet even in Swiss franc terms the price of the metal has been exceptionally volatile of late, and the small gold bar has acquired a little of the character of a gambling chip.

As with their London counterparts; the Zurich dealers have been reminded in recent months of how small the world gold market is and how vulnerable it is to heavyweight speculation. They have had to adapt to the new global nature of the market, with trading continuing around the clock. They have had to become reconciled to the new power of the gold futures markets in the U.S., which cause wide swings in the price after the more conservative European trading centres have closed.

The idea that the investor should store part of his wealth in gold rather than in money that is under the influence of governments, is championed very visibly in Zurich. The metal beckons the man in the street from many of the bank and shop windows in the Bahnhof Strasse.

The rise of Zurich as a gold trading centre derives from this attitude. As long as the gold price was controlled by the major Western central banks, London was the undisputed centre of the gold market. Zurich asserted itself in 1968, at the moment when those central banks conceded that they could no longer sustain the myth that the Bretton Woods currency system was ultimately based on a gold standard of $35 per ounce.

From the end of World War II Zurich was a gold trading centre through which the speculative pressure from private investors on the official gold price expressed itself. It was partly because Zurich was trading gold at premium prices that the London market was re-opened in 1954. London then asserted itself over Zurich as the place where the South African gold production, the demands of private investors and the intervention of the Bank of England could be balanced in a way that held the gold price at near its official level.

The influence of the central banks in this arrangement was heightened in 1961 by the formation of the London Gold Pool. But by 1968 private demand for gold had regained the upper hand. The Gold Pool was abandoned. The London market was shut down for two weeks. The "Big Three" Swiss banks —Swiss Bank Corporation, Union Bank and Swiss Credit Bank—seized the initiative and formed the Zurich Gold Pool.

By adopting a united front they were able to swing the South African Gold output in their direction. At first only a proportion of South African gold was diverted to Zurich but the Pool bravely committed itself, in 1969, to take larger amounts at what were then premium prices. For a time the pool lost money but it was an investment which paid off and South Africa, in any case disenchanted with the attitude of the UK towards its style of government, rewarded Zurich with nearly all its output.

Handles

Today Zurich still handles the greater part of South African gold—some say about 75 per cent. Since 1972 Russia has added to Zurich's throughput, selling a large part of its variable annual sale to the Swiss banks via the Zurich-based Wozchod Handelsbank. The net result is that over half of the new gold flowing on to the markets of the capitalist world is now sold through Zurich.

Whereas London remains pre-eminent as a clearing centre for international gold transactions, Zurich is probably the place where the greatest physical movement in gold takes place. West German wealth, France's traditional interest in gold investment, and the Italian interest in a politically secure investment are all on Switzerland's doorstep. Within Switzerland, the country's established watch and jewellery industry consumes a good deal of gold as as well.

The Swiss gold market consists today of the "Big Three" plus the Bank Leu and the Trade Development Bank in Geneva, but only the Big Three are members of the gold pool. They post a common price to the outside world. Each trades independently with, in the words of one dealer, "the pool behind us and the rest of the world in front of us." No gold accumulates in the pool for any length of time. It is merely a clearing mechanism between the three banks which constrains them to hold their prices in line.

The pool price is Zurich's answer to the London fixing price but is really quite a different concept. Whereas the "fixing" is a price at which a many-sided transaction in gold has taken place—announced after the event—the pool price is a market quotation, with a spread between bid and offer, whose significance for the prospective buyer or seller is that it is backed by the biggest collective dealer in the gold business. Indeed one of the differences between the London and Zurich markets is that the London market is more inclined to act as a broker matching supply and demand, while the Zurich banks act as dealers, taking sizeable positions themselves.

The Swiss levy no tax on the purchase or sale of gold by Swiss nationals or foreigners. Purchases from abroad can be arranged by mail and the Swiss bank will store an overseas customer's gold in a "safe-keeping account." This costs (according to Credit Suisse) SwFr 1.25 per Sw Fr 1,000 worth of gold with a minimum of SwFr 10. Alternatively the customer can buy gold via a claim account which entitles him to gold without physically allocating gold to him. The cost here is slightly smaller 0.1 per cent per annum of the credit balance.

To satisfy their retail clientele all three major Swiss banks have their own gold refineries: Metaux Precieux (Swiss Bank Corporation), Valcambi (Credit Suisse) and Argor (Union Bank). These turn out an impressive range of small bars ranging from 5 gr to 12.5 kg. Bank Leu prides itself with being the leading Swiss dealer in gold coins, and particularly numismatic coins.

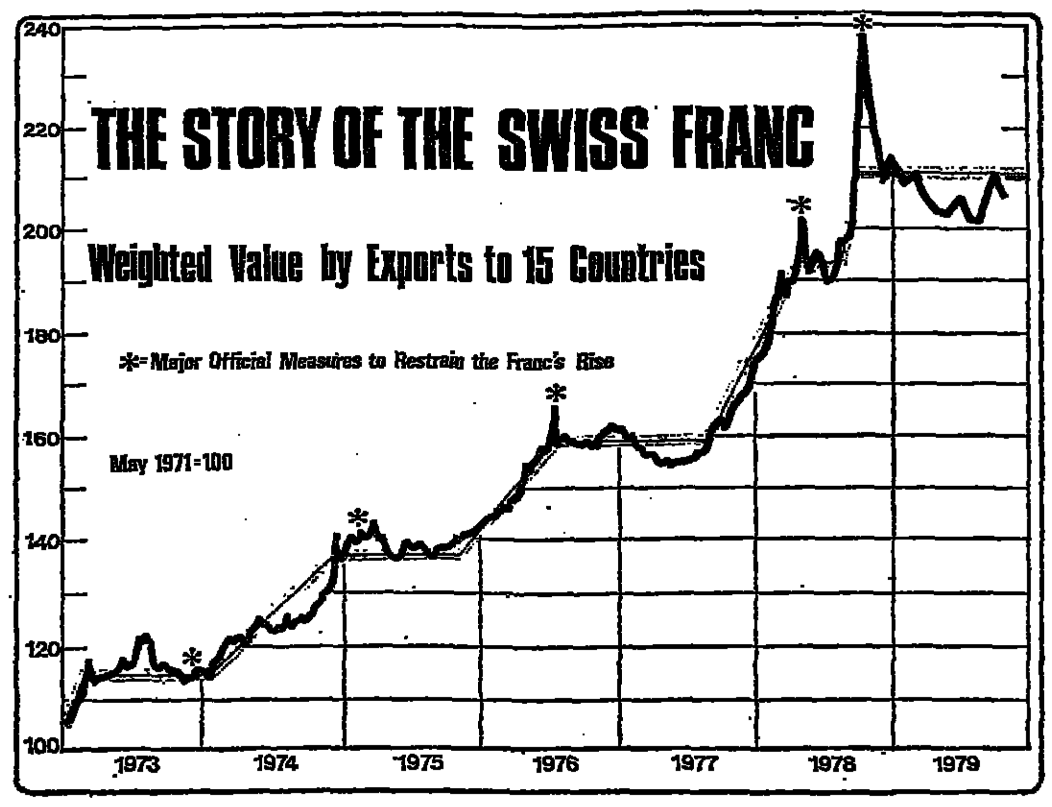
Nicholas Colchester

هكذا من الأصل

FINANCIAL TIMES SURVEY

Tuesday November 20 1979

SWISS CAPITAL MARKETS



This is an historic year for Switzerland and for international finance. In a complete reversal of traditional attitudes the Swiss authorities have progressively dismantled the protective wall around the country's economy and currency, and allowed the franc to develop a much wider world role.

The barriers come down

By Nicholas Colchester

FOR A little over a year a remarkable and consistent change in Switzerland's international monetary stance has been evident. Until October 1978 Switzerland could have been described as a monetary fortress. By erecting an ever more complicated system of barriers against international investors, the Swiss authorities attempted to protect their internal monetary economy against the turbulence of the monetary world outside.

This strategy proved painful. Currency diversification, both by central banks and by private investors, was already firmly underway. The policy of only limited intervention by the Swiss National Bank to protect a conservative monetary growth target, coupled with the existence of these barriers, only reinforced the attractions of the Swiss franc as one of the alternatives to the dollar.

As the accompanying chart shows, the Swiss franc rose to unprecedented heights. Switzerland's exporters and hoteliers complained at their new-found lack of competitiveness. The Swiss banks came under fire as scapegoats for the excessive allure of the Swiss franc. Yet the banks were unhappy too. Fewer borrowers dared to borrow francs because of the speed at which the currency threatened to appreciate. Foreign investors were forbidden to buy any Swiss securities. It seemed that the shutters were going up on *Finanzplatz Schweiz*.

So late last year there was a sudden reversal in strategy. The first novelty was heavy intervention in favour of the dollar, with the Swiss money supply no object. This was coupled with a statement of the National Bank's intent to keep the Deutsche Mark rate against the Swiss franc at well above SwFr 0.80. There was also a slight relaxation of the inward investment ban.

Since then the moves towards derestriction have continued apace. They provide mounting evidence that the National Bank has decided to integrate Switzerland into the international monetary system, such as it is, and to combat unwanted pressures on the Swiss monetary economy not by outright resistance — the immovable object versus the irresistible force — but by accommodating them in a manner which provides some control over their impact.

The best example of this is the development of the central bank's thinking about the role of the Swiss franc as a reserve currency. In the past year the National Bank has appeared increasingly ready to allow foreign central banks a controlled access to Swiss franc investment — a means of access which does not store up too many destabilising consequences for the Swiss franc exchange rate in the future.

Permission

One recent example was the permission given to the World Bank to sell SwFr 200m of 4-year notes to foreign central banks. The National Bank president, Dr. Fritz Leutwiler, has since said that similar placings in Swiss francs by other supranational financing agencies may follow. The logic here is that these agencies borrow sizeable amounts of Swiss francs for on-lending to developing countries. The developing countries thus incur Swiss franc liabilities and express an understandable desire to cover themselves against this exchange risk by investing some of their reserves in Swiss francs. The Swiss banks' issuing departments which arrange World Bank financing in Swiss francs, are thus co-beneficiaries of this gesture.

Very recently Dr. Leutwiler has suggested that the National Bank might issue Swiss franc securities directly to foreign central banks, or even allow them to open Swiss franc accounts with the National Bank. The advantage would be that the National Bank would accept dollars directly in exchange for the Swiss franc investment and thus, at its own potential cost, protect the dollar/franc exchange rate from the impact of this reserve diversification.

More tangible evidence of the new spirit of deregulation is the way the list of Swiss inward exchange controls has dwindled over the past 12 months. In this survey a year ago the list of these controls filled a quarter of a page. Today at least three-quarters of them no longer apply.

Rules on the import of banknotes, on the foreign currency operations of Swiss banks and companies, and — above all — the ban on foreign investment in Swiss securities have been swept away. What remains are the negative interest provision for foreign Swiss franc deposits and the effective blocking of borrowing abroad by Swiss non-banks. The negative interest rate was recently reduced from 10 per cent per quarter to 10 per cent per annum.

The new strategy has been very successful in stabilising the franc rate. The initial impact of the heavy intervention was to drop the Swiss franc from below 80 rappen to the D-mark to around 90 rappen at the end of March. As the chart shows, the trade-weighted National Bank index has not moved significantly since. Indeed the currency markets have come to regard the rate of SwFr 0.90 to the D-mark as the rate to which the National Bank is adhering for the moment.

The cost of this stability has been a rapid run-up in the Swiss money supply and a degree of imported inflation which is at odds with Switzerland's record in recent years. In the early months of this year the Swiss monetary base and M1 were both registering annual growth rates of over 20 per cent because of the Swiss francs paid out in support of the dollar late in the previous year.

Quandary

The National Bank used the period of dollar stability in the spring to regain its grip on the money supply. It bought some SwFr 6.1bn in the second quarter, whereas in the whole of the previous year it had sold some SwFr 22bn in support of the dollar. It used the stabilisation paper to drain liquidity out of the Swiss banking system.

By late summer the money supply growth was back to a single figure rate, only to be threatened again by another dollar crisis. Intervention in the currency markets is the dominant tool of Swiss money supply control and it seems likely that the dollar's renewed weakness put the National Bank into quite a quandary. It was the D-mark which bore the brunt of the speculative flows this time—not the franc. At the same time Swiss inflation was mounting and money supply growth still worryingly high. So the National Bank had little motive to support the dollar, and in fact only bought about SwFr 1bn of dollars in the third quarter.

For this reason the new concept of U.S. monetary control introduced in October by Mr. Paul Volcker, head of the U.S. Federal Reserve Board, came as a relief to the National Bank. It improved the atmosphere between the National Bank, the Bundesbank and the Federal Reserve in that the two strong currency central banks were able to agree to hold off on dollar sales (which would reduce their own money supplies) to help the dollar re-establish itself firmly.

So the National Bank is now working on alternatives to intervention to control Swiss money supply. Its latest project is to issue short-term paper itself in addition to the new short-term paper—roughly equivalent to Treasury Bills—which it has twice issued for the Swiss Government during 1979.

Both types of paper — and future paper which will be issued by the private sector — are part of the long-heralded build-up of the Swiss money market, something which the country does not really have at the moment.

Determinant

As a later article describes, this market will allow the supply and demand of short-term funds in Switzerland to act as a more effective counterbalance to supply and demand in the Euro-franc market, which is currently the chief determinant of Swiss franc interest rates. The big Swiss banks appear to be rather against the development; they prefer to play a leading role in determining a somewhat artificial domestic interest rate structure. But the National Bank's plans are another example of the new policy of removing Switzerland's monetary cocoon and letting market forces express themselves.

As a result of the changed approach, inflation in Switzerland this year has been easing up towards that of its major currency and trading partner West Germany. In October the rate of increase in consumer prices was 5 per cent. This appears quite a dramatic shift for a country where inflation in the previous three years was below 2 per cent, yet it is quite plainly the result of comparison with a period when the Swiss franc was demonstrating unrealistic strength. It was during October and November last year that the Swiss franc tumbled by 13 per cent on a trade-weighted basis to what, broadly speaking, has been its stable level since.

This rate of inflation may thus be transitory, but coupled with the de facto link of the Swiss franc to the Deutsche Mark it has affected the attitude of overseas investors towards the currency. The yield necessary to float a Swiss franc foreign bond has risen from 3½ per cent to 5 per cent in the course of this year.

Lenders seek higher bond rates

THERE HAS been no lack of activity this year in Switzerland's domestic bond market, thanks mainly to a marked rise in borrowing by public authorities and industrial companies. In the first three quarters alone issues reached SwFr 7.32bn ($4.43bn) compared with corresponding figures of SwFr 6.81bn ($4.12bn) last year and SwFr 4.91bn ($2.98bn) in 1977. Even though the annual total will be reduced very substantially by a record refinancing requirement, 1979 should prove a generally good year for the market.

Swiss Bank Corporation estimates that for the whole of this year, issues will total slightly over SwFr 10bn ($6bn), including a re-financing sum of SwFr 5.2bn ($3.1bn). With redemptions totalling some SwFr 3.35bn ($2bn), this would give a net call on the market this year of SwFr 1.46bn — double that recorded last year.

This autumn, however, borrowers are faced by an investing public loth to lend its money too cheaply at a time of rising returns elsewhere. Foreign issues seem likely to offer 5 per cent-plus soon, the Euro-Swiss franc rate is very attractive, domestic banks have just raised their coupons on medium-term bonds and deposit rates are the highest for over two years.

First-class borrowers who placed long-term paper at 3 per cent and less at the start of the year are now hard put to sell 4 per cent bonds; in late October the prestigious Cantonal Banks' Mortgage Centre failed to attain full subscription to a 15-year par issue of SwFr 150m at that coupon. The new Swissair issue, SwFr 80m of 12-year bonds, could well set the future scene with its 4½ per cent interest rate.

Positive

Since mid-year the domestic bond market has no longer been providing the sort of real terms positive interest rate which the Swiss had become used to, inflation having reached 1975 levels again. At the same time the Swiss franc exchange rate is much more stable, meaning that investors are less attracted by possible currency gains.

The National Bank, keen to keep the cost of Government borrowing down while at the same time attracting investment in new Federal bonds, came up last month with a carefully structured issue for the Confederation. Originally foreseen as a SwFr 300m float, this SwFr 250m refinancing operation was divided into nine-year 3¾ per cent bonds at 99¼ and 15-year 4 per cent bonds at 100½, the amount of each tranche to depend on subscription. In fact, the issue proved — by the time subscriptions closed early this month — not as attractive as the authorities had expected. There had been a new spurt in outside interest rates, which the Bank acknowledged just as lists were closing by doubling the bank rate to 2 per cent.

In fact the issue was not fully subscribed and the amount had to be cut from SwFr 250m to SwFr 200m, made up of SwFr 120m of the shorter and SwFr 80m of the longer term tranche.

For future Federal issues the Government and the National Bank have decided to apply the "auction" system. While coupon, maturity and issue amount will be fixed in the prospectus, the issue price will be left open for the subscriber to bid on. Potential lenders will be able to state the highest price they are prepared to pay for a given number of bonds or several price/subscription combinations.

The idea comes not only from existing foreign bond/auction systems but also from that used for the Confederation's own new money market paper. There have been two issues of these three-month certificates to date, the latest—about a month ago—having been considerably oversubscribed. This issue of SwFr 405.5m ($245.7m) in certificates of at least SwFr 500,000 each, was offered at 99¾ per cent, equal to an annual yield of 2.54 per cent. The first issue had been received well, too, even though its yearly equivalent "coupon" was of only 0.95 per cent.

Welcome

The National Bank had been planning to build up a Swiss money market for years, and this success has been very welcome. This next step heralded earlier this year by National Bank vice-president Professor Dr. Leo Schürmann is now in view, in that the National Bank itself is soon expected to offer short-term paper of up to two years' maturity, possibly also available by foreign central banks. The existing Federal money-market certificates have been sold to domestic subscribers only. Next on the list, according to a statement by Professor Schürmann this spring, would be short-term issues by public authorities and then by commercial banks; eventually the chance would be given to all first-class borrowers.

The success on the money market has not made the powers-that-be careless about the long-term capital markets. The National Bank is not averse to carrying out support purchases in the bond market when this seems necessary, and there have been sizeable operations of this kind on the secondary market by the monetary authority this year. However, official policy is now aimed much more at stabilising and reducing money supply growth, since average M1 expansion will be of some 10 per cent for 1979 or well above medium-term targets.

What National Bank president Dr. Fritz Leutwiler calls the return to the "strait and narrow" is both possible and necessary because of the absence of upward pressure on the Swiss franc. The change in the currency position has meant a return to a noticeable rate of imported inflation, so the National Bank would like to see a narrowing rather than a widening of the international interest differential. As a result there is already less intervention on the capital market—in the last 10 days of October purchases of securities by the Bank were only SwFr 19.2m despite definitely sub-par secondary market quotations. This change of policy, like the November 2 Bank Rate increase and negative interest reduction, is obviously part of the new resolution "to bring monetary conditions back to normal."

Without the active support of the authorities, who earlier this year spent a lot of money on shoring up low coupons, the secondary market for new domestic bonds looks gloomy. In early November hardly a single recent domestic bond in Zurich pre-market dealing was quoted at issue price. The Confederation itself suffered from the listless market, August's 3¾ per cent Federal bonds and June's medium-term Federal rescriptions both being down from their par issue price to a modest 98.4 per cent.

With everything pointing to a gradual rise of interest rates on the bond market, other capital market rates also seem likely to be pointed upwards. After two increases in the medium-term bond coupons since late July, it is said the banks are already asking for another raise. These over-the-counter three- to eight-year bonds are very much of a key indicator in the Swiss economy.

Every bit as important are the mortgage rates, Switzerland having a world record of SwFr 21,540 ($1,305) mortgage debt per capita, or nearly ten times the British figure. Here, the development seems unlikely to follow the general trend—at least not until well into next year—since banks are so keen to get custom in this field that some are offering long-term rates of well below the standard rate of about 4 per cent for first mortgages. By August, 1979 alone, outstanding mortgage loans of reporting banks had risen to SwFr 77.05bn ($46.7bn), an increase of 8.5 per cent on a year earlier; well over half the total was accounted for by the cantonal banks.

It is hard to make a valid forecast on future supply and demand in the Swiss capital market. Liquidity in Switzerland itself is high, though there should be a considerable need for new funds, particularly on the part of municipalities and other public authorities.

There is also a huge refinancing requirement, with borrowers usually redeeming old bonds prematurely to obtain cheaper funds. Domestic investors do not seem to be too excited about the modest coupons of the past months, but excess liquidity—especially that of institutional lenders like insurances and pension funds—will have to find a home in time and will doubtless flow freely again after the anticipated rise in yields.

Investors outside Switzerland will hardly be very interested in domestic paper at present, and even an upward adjustment of coupons is unlikely to change this much. Signs of a new strengthening in the Swiss franc exchange rate would doubtless make a stake in Swiss bonds more attractive again, now that controls are lifted on non-resident purchases.

John Wicks
Zurich Correspondent

Industry relies less on borrowing

THE SWISS economy is in the process of reducing its reliance on borrowed money. With what is nearly a balance between liabilities and capital resources, the average Swiss company — or at least the average large Swiss company — seems to be approaching the British level of self-financing. Banks report low demand for investment credit from industrial and commercial clients, the current upswing in building activity being the result almost wholly of the renaissance in housing construction.

Last year companies were hit by a combination of sluggish demand for their products and record Swiss franc exchange rates. Only a few leading industrial concerns were able to record a rise in their turnover, and almost half of all major undertakings publishing cash-flow showed a decline in this figure. Investment expenditure was consequently not very high, companies preferring to lay something by for an even rainier day. According to the Lucerne daily *Das Vaterland*, the own-capital share of the balance sheet total of Switzerland's 15 biggest corporations rose from 47.5 per cent in 1977 to 48.6 per cent in 1978.

Abroad

In 1979 earnings will definitely be higher than last year. The Swiss franc has remained much more stable and is well below its peak of September 1978. At the same time many companies are recording at least a modest improvement in demand. Nevertheless industrial and commercial building starts remain at a low level. Apart from modernisation of existing premises, there is little move towards new capacities: more and more investments are being made abroad and financed locally, in part by the reinvestment of profits there.

Nor are bankers expecting any turn in the tide as far as investment credit is concerned. The larger companies, over and above their growing share of out-of-country expenditure, have plenty of liquid funds and are in many cases out to bolster their reserves. Many of the smaller corporate clients simply do not have the money to invest — on the contrary, their calls on the banks are to an increasing extent of a short-term nature to help them over acute financing or structural difficulties. Furthermore, banks are being required to a much greater extent than ever before to support export transactions by the granting of substantial credit lines, a development the bankers are beginning to express some concern about.

While overall corporate demand for bank loans has been falling, companies have in some cases been making more use of the capital and stock markets. Industrial undertakings, for example, floated bonds with a combined nominal value of SwFr 729m ($441.8m) in the first three quarters of 1979 alone, compared with only SwFr 281m ($170.3m) in the corresponding period of last year. Admittedly the growth rate is considerably less after deduction of SwFr 267.1m ($161.8m) in respect of the re-financing share in January-September, 1979, as against only SwFr 35.33m ($21.4m) in the corresponding months of last year.

At the same time rights issues and the paying-up of outstanding capital by industrials led to the issue by this sector of SwFr 226.53m ($137.29m) for the period, or much more than the SwFr 107.74m ($65.3m) in the first three quarters of 1978.

The banks, while they increased their bond issues from SwFr 838.7m ($508.3m) to SwFr 983.4m ($596.3m) — after re-financing had accounted for no less than SwFr 893m of the SwFr 1.87bn nominal value for the period — were less in evidence in the share market. Here, new issues amounted to SwFr 626.2m ($379.5m) as compared with SwFr 739.1m ($447.9m). Holding companies, on the other hand, were much less visible in the bond market than in 1978, with a net SwFr 297.35m ($180.5m) against SwFr 675.2m ($409.3m) a year before, but raised their share offerings from SwFr 25.83m ($15.65m) to SwFr 183.6m ($111.3m) for the period.

It is hard to forecast exactly how this branch of corporate financing will develop in 1979. The banks will doubtless in some cases have to carry out new rights issues in order to match growing assets — a fact which is causing some concern, in that balance sheets can be inflated by sudden exchange rate fluctuations. After equity has been raised to match, a move in the other direction could mean that one day the banks are faced with over-capitalisation.

Industrial and indeed all other companies will have considerable re-financing needs, no doubt continuing their long series of premature redemptions to get in new flotations at lower coupons. However, at least in the medium-term, interest rates are tending upward—so money will be less cheap than early this year, when some coupons were at their lowest level for a quarter-century.

There is hardly much danger of private enterprise borrowers being squeezed out of the market by public authority borrowing. Budgetary problems are keeping public spending down, and there are no signs of a sudden rush to the market by the Confederation, cantons and municipalities comparable to that of former years. There is a great deal of domestic liquidity seeking a home in Switzerland, as long as market conditions are more or less tolerable.

Influence

As far as direct bank influence on client corporations via portfolio holdings is concerned, this is much less marked in Switzerland than in many other countries. At the 1979 annual general meeting of Union Bank of Switzerland, chairman Philippe de Weck put the stake of the Big Three—his own bank, Swiss Bank Corporation and Crédit Suisse—in the capital of the main industrial, trading and service companies at a combined figure of barely 6 per cent. On the boards of the 110 banks concerned, only 56 of 968 seats were occupied by chairmen and general managers of the big banks.

In addition, most banking executives are keen to get out of most non-bank participations. This is particularly the case in that many such engagements have come about because of salvage operations the banks have felt themselves morally obliged to carry out. The banking system, apart from the various support measures in the field of export credit, special rate discount credit and other short-term facilities for small business, has been actively helping the crisis industries with consulting services.

This month Swiss Bank Corporation said that in 1979 it will have led re-structuring measures — in some cases together with other banks—in respect of companies with a combined turnover of SwFr 150m ($90.9m) and a total of over 1,000 employees, aimed at "saving jobs and capital, as far as this is possible." More than ever, and for management aid as well as for financing purposes, companies seem to be regarding the banks as friends in need.

There have indeed been complaints that cantonal and other banks do too little to help manufacturing and service industries. One cantonal bank has in recent years got itself into difficulties by trying too hard to back up local enterprise; others, perhaps, are not keen enough. This is certainly claimed by the watch industry about the cantonal—i.e., publicly owned regional—banks of the main producing area. Generally speaking, however, banks are more prepared today to accept a higher bad debt exposure. The cases of companies dying for want of succour are few and far between.

John Wicks

Insurance companies are big investors

AS WELL as being one of the major banking centres in the world, Switzerland also has an important position in international insurance and re-insurance. In 1977, the latest year for which full details are available, Swiss companies recorded a total premium income of no less than SwFr 18.45bn, or some $11.18bn at today's exchange rates.

The importance of foreign business for the Swiss economy is considerable; balance of payments figures for 1978 show a net surplus on current account from private insurance premiums and capital investments of SwFr 410m ($248.5m). Over one-third of premium income of Swiss direct insurers comes from outside the country and all but a small fraction of re-insurance companies' premiums.

This means that Swiss-based insurance concerns are big investors in foreign markets. An idea of the size of their holdings in Switzerland and abroad is given by the fact that Swiss Reinsurance, Swiss Life and Zurich Insurance alone appear to have portfolios in excess of a combined SwFr 25bn ($15.15bn) in bonds, shares, mortgage, mortgage bonds and property. The large foreign stake of these and other major Swiss insurers means that a substantial share of this investment is located outside the country.

Thrust

On Switzerland's own capital market the insurance companies and the corporate pension funds play a major role as institutional investors. The main thrust of their activities here is naturally in the fixed-interest field. The generally low level of bond coupons for much of this year was therefore bad news for organisations with large sums which had to be invested. The income can be judged by figures showing a 10 per cent a year rise in Swiss direct premiums from 1968 to 1977—to a level of SwFr 8.3bn ($5bn)—and annual contributions to pension, welfare and similar funds of SwFr 6.2bn ($3.75bn) as of 1976.

The fact is that most Swiss insurers operate with underwriting losses which have to be more than offset by capital income to enable a net profit to be realised. At the same time outstanding life policies are calculated with the inclusion of an "interest base," a minimum interest rate guaranteed to the policy-holder for the duration of the policy. This is currently 3.25 per cent for life assurance companies, between 3.5 and 4 per cent for numerous pension funds and in some cases of over 4 per cent for pension schemes drawn up in high interest days. This meant that earlier this year, when first-class borrowers were placing bonds at no more than 2.75 per cent (the lowest rate for 25 years), insurers were having to put out their funds at less than the guaranteed interest rate.

Recently the situation has started to look rather better. Interest rates on the domestic bond market are heading upwards again to levels at and above 4 per cent. In addition, the so-called "technical interest base" for life-insurance companies' policies is to be dropped to 3 per cent in 1980.

Nevertheless capital-market conditions still leave a good deal to be desired. Apart from the bond coupons, rates for over-the-counter medium-term bank paper of the Kassenobligation category have been very low—and despite a recent increase still too low it is generally felt—while mortgage rates are also definitely depressed at some 4 per cent. Unlike other investors, insurance companies and pension funds are much less free to move their funds abroad. As the Swiss Insurance Association pointed out in its last annual report, this would introduce a potentially dangerous element of currency risk, quite apart from the fact that life assurance undertakings are in any case not permitted to make such arbitrary transfers of capital.

As yet the insurers—again, the life insurers in particular—have not been given the freedom to invest their funds which they have often urged. Nevertheless there are signs of a re-shuffle in portfolios as far as domestic investments are concerned. Last month Swiss Volksbank managing director Flavio Pedrazzoli drew attention to the fact that insurers are today holding large assets in the form of property, a market which is gradually drying out. He foresees in the 1980s a continued trend towards securities holdings, whereby any reversal of the upswing in bond coupons would offer new chances in the share market. This development, he claims, has already been taking place in the past two years.

Unlikely

The insurance companies are still active as providers of funds for outside borrowers. This sector of operations takes the form particularly of mortgage loans and loans to public authorities. It seems unlikely that there will be much development here. There is a great deal of competition on the mortgage market and rates are at a low level. Public spending is also under considerable budgetary pressure at present. There are no signs of a return to the days when banks were seriously worried about the insurance companies as a threat to the lending market.

When the Swiss franc was very high, foreigners interested in a "permissible" Swiss franc investment started to become alive to the opportunities offered by a Swiss-based life insurance policy. This was particularly the case with the Germans, able to visit Switzerland easily in person to sign policies. At one point the monetary authorities had to cast an eye on what was going on. The whole business is now no longer very attractive. First, it is possible to buy Swiss franc securities again as a non-resident. Secondly, the exchange rate looks very different from the position last autumn—the Deutsche Mark, for instance, is at over 90 centimes instead of under 80.

Insurance stock has been well received by the investing market this year. From the start of 1979 to mid-October insurance shares had risen from 272.7 to 299.1 points in the official index, their popularity hardly affected by the relatively poor yield of under 2.4 per cent. In the first nine months of the year insurance companies issued shares worth a nominal SwFr 103m ($62.42m), almost the whole of this sum being accounted for by an issue by Zurich Insurance of participation certificates.

Reports from the major insurance companies this year show a generally favourable development of business, despite the effect on the internationally active groups of the exchange rate and the growing difficulties in investing at a profit. For the future, business is expected to grow at a rate close to that of the Gross National Product.

The pension funds continue their growth. By the end of 1977 assets totalled some SwFr 65.5bn ($39.7bn). Although investments as to the development of social insurance coverage in Switzerland continue, it seems certain there will be a further marked expansion in the years to come. By the year 2000, assets could be anything between SwFr 200bn ($121.2bn) and SwFr 400bn ($242.42bn), according to various estimates. There has been an interesting move here in the build-up of special investment foundations for pension and welfare funds, some seven of which now exist. Investments are both in Switzerland and abroad, and all but one of the foundations have portfolios of between SwFr 300m and about SwFr 1bn.

J.W.

LOMBARD

The illusions of employers

BY ANATOLE KALETSKY

WHEN THE Trades Union Congress held its annual conference in Blackpool two months ago, Sir Geoffrey Howe proclaimed that Britain's trades unions were living in "a dream-world, totally divorced from economic reality." He was, of course, quite right. Now it is time for him to consolidate his position as the Government's leading political aphorist by inventing a similar epithet for the equally fantastic reveries of Britain's employers at the recent CBI conference.

Obsession

Union militants dreamt of a world in which market forces could be over-ridden and conservative governments overthrown by "mass mobilisation." The CBI's backwoodsmen have a vision of a Utopia in which the majesty of the law would sweep away the problems of industrial relations and productivity, which are, to a significant extent, the employers' own creations. Not only is the CBI in danger of becoming obsessed with industrial relations, to the exclusion of all other subjects, as John Elliott has pointed out in this column. In addition, the CBI's approach to industrial relations looks like becoming more doctrinaire and less constructive, as the illusions of militant employers get more government encouragement and backing.

Judging from the CBI conference, many employers do not seem to be very interested in ameliorating the causes of poor industrial relations, by bringing employees into decision-making or by greatly extending the scope of profit sharing schemes. Neither are they saying much about encouraging productivity, by trying to take the TUC, which recently produced a paper condemning the Luddite attitudes that still prevail in its own member unions, at its word. Rhetoric about the symptoms of industrial tension, about closed shops, solidarity against strikes and legally binding employment contracts seemed to be much more inspiring for CBI members.

The issue of legally binding contracts illustrates most clearly the misconception on which much of Britain's industrial thinking is based. Many employers and free market economists refuse to accept that the classical economic model which treats "labour" as an ordinary commodity subject to the same economic laws as iron or corn, is no more than a general indication about one aspect of the real world of human affairs. Wages may to some extent respond to the laws of supply and demand and there may be certain analogies between monopoly suppliers and trades unions. But it is folly to base a whole system of social organisation or of economic forecasting (as some monetarists do), on pushing these analogies to their logical extremes.

There is no reason to suppose that, in a free society which gives working men the vote, the human activity which market economists choose to regard as "trading in labour," but which most people would call "working life," can be regulated by the same contractual principles that govern trade in inanimate commodities. A trader who breaches a contract can be sued and forced to perform his obligations, or to pay damages. But, in a modern democracy, it is quite impracticable to force people to work against their will if they prefer to strike.

Admittedly, legally binding employment contracts work perfectly well in many societies that do not practise slavery. In Germany and Japan unions sign agreements, sometimes for two or three years at a time, and (usually) abide by them, disciplining their own members if they step out of line. But in the U.S., where long-term contracts bring a degree of stability to industrial relations, they do nothing to prevent long and damaging strikes when new contracts are negotiated. In fact the U.S. has a strike record considerably worse than Britain's.

International comparisons confirm firstly what many employers discovered with the Heath Government's Industrial Relations Act: the law can make no more than a marginal contribution to the improvement of industrial relations. Secondly, they suggest that Britain's strike experience, which is no worse than average cannot be a major factor in explaining Britain's far from average record of industrial stagnation.

The other kind of Rhenish

WINE

BY EDMUND PENNING-ROWSELL

TO THE visitor Alsace is probably the most agreeable wine district in France in which to spend a few days; and the most dangerous. Agreeable, because below the impressive but not too formidable green crests of the Vosges mountains, the vineyards surround a series of fairy-tale, half-timbered villages; dangerous, because the gastronomy is enticingly rich.

There are no fewer than 30 starred-restaurants in the area, including the three-star Auberge de l'Ill at Illhaeusern near the Rhine. Although nowadays the *cuisine minceur* has reached Alsace via the Belfort Gap, through which in the past armies have marched (on somewhat different fare), the tradition of foie gras and duck remains, while the white wines are less innocent than they may appear, for generally they are more alcoholic than those on the other side of the Rhine.

Blending

Alsace wines have, of course, had an unusual history. From 1870 to 1918 the territory was part of Germany and the wines used only as a source of cheap blending wines. Deliberately, one may fairly say, they were down-graded, as shown by the fact that the overwhelmingly common grape was the Chasselas, which produces very ordinary wine. With the recovery of Alsace by France after the First World War, a long, difficult struggle took place to establish the quality and the reputation of the wines.

They were almost unknown in Britain until the mid-1930s, when Hugel of Riquewihr, still dominant in the market here, sold the first parcel of their wine to the Savoy Hotel and the first bulk consignment to the Wine Society. Then came Alsace's temporary incorporation into the Third Reich during the Second World War.

The result was that many members of the wine firms found themselves unwillingly recruited into the German army to fight against the Allies on the Western and Eastern fronts. Moreover the final Allied advance down the Rhine, and in particular the fighting in the Colmar Pocket, caused immense damage to the attractive wine villages. Bennwihr, now the home of one of the largest wine co-operatives, was virtually destroyed, though Riquewihr, Eguisheim and Kaysersberg were miraculously spared. So too was most of Colmar itself, now one of the most charming towns in all France.

But the wine too had to make a fresh start after 1945, and it is significant that the *Appellation Contrôlée* was not obtained until 1962. Equally significantly it was secured not on a village or vineyard basis, but one to cover the whole 60-mile long, two-mile wide *vignoble* between the Rhine and the Vosges: Appellation Alsace Contrôlée.

The AC vineyard area has been gradually increased—an average of 1½ per cent over the last twenty years. In 1968 it was about 9,500 ha (about 23,500 acres), today around 12,000 ha, and it is one of the few AC districts in which substantial increases have been permitted since the slump years in the middle of this decade.

It is now going up by about 300 ha a year, and will reach its maximum of 13,500 ha by 1985, with an average production of 1.1m hl (about 33m gallons), compared with 800,000-850,000 ha today.

Higher yield

Like its neighbours across the river in Baden the permitted yield is much higher in Alsace than elsewhere in France. In the prolific vintage of 1973 it exceeded the normal maximum of 100 hl per ha, and usually surpasses 80 hl, whereas basic AC wines in Bordeaux, the Rhône, etc., usually have a standard figure of 50 hl, though this may be increased from year to year.

These big yields, often higher on the other side of the Rhine, do not imply any dilution of quality. Alsace wines account for 10 per cent of the whole French AC production and almost 20 per cent of the French white wine ACs.

Like nearly all wine districts, this is one in which the small growers predominate: 9,500 of them. But only 2,900 of them own more than a single hectare of vineyard, with the majority having other jobs as well, and sending their grapes to one or other of the 18 co-operatives.

Seven of these are united in an organisation for exporting, La Centrale des Vignerons d'Alsace (CEVA), and very successfully, mostly to Germany. Thirty per cent of the growers are members of the co-operatives, who between them draw on grapes from 4,000 ha. One of the largest is the one in Bennwihr, with 215 members, 350 ha and producing 30,000 hl a year, of which 20 per cent is exported, and no less than 45 per cent is sold direct to consumers. Another in Eguisheim, a timber-housed village, embowered in flowers, dates from 1902 and is one of the oldest in France.

To make a reasonable living out of producing and selling in bottle—compulsory for all Alsace wine since 1972—a grower needs a minimum of 3 ha, but there are probably not more than 1,000 of these, and only 400 own more than 5 ha. These will include the merchants who unlike those in other French wine districts nearly all have substantial vineyard holdings themselves.

The biggest is Schlumberger of Guebwiller, originally a family textile firm which bought vineyards almost as a hobby, and now owns 120 ha. Dopff possess 75 ha, Dopff and Irion 40 ha, Lorenz 30 ha and Hugel 25 ha. Beyer of Eguisheim is unusual in having no vineyards of its own, but buys grapes and sometimes a little wine.

None of the merchants relies on his own vineyards but all have long-term contracts at growers. The merchants sell about 35 per cent of the total production, and nearly as much — views vary as to the proportion — is sold by *vente directe*. As elsewhere this could cause problems in the future for the merchants, dependent on grapes from the growers.

Last year's small crop of less than 700,000 hl and higher grape-prices resulted in a steep rise in prices, with a corresponding drop in demand in the home market, where Alsace's chief competitor is probably Muscadet, a less distinctive wine but much cheaper. A similar drop has occurred in sales abroad, and the figures for the first seven months of this year show a fall of about one quarter compared with last year, though higher prices have kept revenue still marginally ahead of 1978. The prolific vintage this year will restore depleted stocks and keep prices stable, though it would be optimistic to expect them to go down.

Not surprisingly, in view of history and proximity, the Germans are far and away the biggest buyers of Alsace wine. In almost every year in the 1970s they have taken at least half the total exports and in 1978 they took two-thirds (114,000 hl). German tastes are said to be turning towards dry wines, and the usually fully-fermented-out Alsace wines should benefit from this, though they are dearer than the run-of-the-mill wines from Rheinhessen and the Pfalz.

Surprising

What does seem surprising is how little we in Britain appear to drink Alsace wines. Although demand has been increasing in recent years, the total for 1978—a record—was only 8,000 hl, representing a mere 4.8 per cent of the region's exports. True, we are fourth on the list, following Belgium/Luxembourg (15,000 hl) and Holland (10,000 hl), but in no other fine AC wine area do we rate as such small purchasers.

The qualities of these wines will be discussed in a further article.

Diab looks best at Leicester

RACING

BY DARE WIGAN

AS WAS the case yesterday, there are three meetings today, at Ayr, Leicester and Devon and Exeter; and, from 19 races, I find it possible to nominate only one horse on whom I would advise placing other than a modest wager.

That is Diab a grey gelding by Abwah, who won on the flat at Wolverhampton last season, and who finished second by a short head to hot favourite, Born To Reason, at Newbury a fortnight ago, with the third horse beaten almost out of sight.

Unless there is something exceptionally useful, among those which have not run, Diab ought to win the Beginners Novices Hurdle (1.00) at Leicester.

A less obvious prospect than Diab is Flitgrove in the Measham Handicap Chase (2.00). This gelding, by Royal Buck, trained by David Nicholson at Stow-on-the-Wold, has scarcely fulfilled early promise. However, he is a safe jumper, has fitness on his side, and can take advantage of the considerable weight that he receives from Modesty Forbids.

An hour after Flitgrove has run, Greenways may supplement a victory at Cheltenham ten days ago by landing the Waltham Handicap Hurdle (3.00).

Speed Bonnie Boat is an interesting runner in Division II of the Beginners Novices Hurdle (3.30). I saw this colt, by Swing Easy, then trained by Captain Ryan Price, win twice on the flat at Cagnes-sur-Mer last spring and he is the type to do well over hurdles.

The most valuable race of the day is the 2½-mile Bass Special Handicap Chase (2.15) at Ayr. The original entry for which attracted Night Nurse and Silver Buck. Neither runs, but nevertheless this race has the makings of a good contest, with Father Delaney, Don't Forget and Stay-Bell the main contenders. Father Delaney who fell at the first fence when favourite at Wetherby last time out, is normally a safe jumper and is taken to make amends.

At Devon and Exeter, Nescio who was backed from 16-1 to 6-1 before finishing third at Wincanton at the start of the month, can show that confidence in his ability was not misplaced by winning the Staverton Handicap Hurdle (2.30)

LEICESTER
1.00—Diab***
2.00—Flitgrove**
3.00—Greenways
3.30—Speed Bonnie Boat

AYR
1.45—Tudor Folly
2.15—Father Delaney
2.45—Rionore
3.45—Apache Pass

DEVON AND EXETER
2.30—Nescio*
3.30—Hectare

TV/Radio

† Indicates programme in black and white

BBC 1

9.35 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 Bagpuss. 2.00 You And Me. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Buford Files and Dinky Dog. 5.00 John Craven's Newsround. 5.10 The Record Breakers.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Rolf Harris's Cartoon Time (London and South-East *only*).
7.20 The Tuesday Film: "The Double Man," starring Yul Brynner and Britt Ekland.
9.00 News.
9.25 The Great Inventor (tribute to Sir Barnes Wallis).
10.10 Mainstream.
10.40 Question Time with Rachel Billington, Barbara Castle, Sir Monty Finniston, William Waldegrave.
11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—10.38-10.58 and 11.38-11.58 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 On The Green. 10.10 Current Account. 10.40 Can Seo. 11.15 *Write Away. 11.30 Mainstream.* 12.00 News and Weather for Scotland.

Wales — 10.38-10.58 am I Ysgolion. 4.45-5.00 pm Ci O'r Enw Samson. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol Y Cwm. 7.40 Rising Stars. 8.25-9.00 Some Mothers Do 'Ave 'Em. 11.40 News and Weather for Wales.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Green Rock. 11.40 News Headlines. 11.44 Festival Notebook from Belfast. 12.04 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 6.50-7.20 East (Norwich) Times Remembered; Midlands (Birmingham) Flavour of the Midlands; North (Leeds) Hometown; North-East (Newcastle) What's Cooking?; North-West (Manchester) Sit Thi Deawn; South (Southampton) Pure Invention; South-West (Plymouth) The Musix Quiz; West (Bristol) Day Out.

BBC 2

10.05 am Business World.
11.00 Play School.
11.25 Write Away.
11.40 A Child's Place.
2.30 pm The Engineers.
3.00 Whistle Blowers.
3.30 The Living City.
4.10 A Taste of Work.
†5.35 Laurel and Hardy in "Below Zero."
5.55 Grange Hill.
6.20 The Waltons.
7.05 Mid-evening News.
7.15 Testament of Youth.
8.10 Chronicle.
9.00 Not the Nine O'Clock News.
9.25 Man Alive: The High Cost of Cheap Housing.
10.15 The Mike Harding Show.
10.45 Floodlit Rugby League for the BBC-2 Trophy.
11.15 Late News.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Simon in the Land of Chalk Drawings. 12.10 pm Once Upon A Time. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus. 2.45 The Love Boat. 3.45 Georgie Fame and Company. 4.15 Under the Same Sun. 4.45 Magpie Special. 5.15 Monty's London.
5.45 News.
6.00 Thames News
6.25 Help!
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 The United Kingdom Disco Final.
8.30 George and Mildred.
9.00 Documentary: "No Lullaby For Broadland."
10.00 News.
10.30 Tuesday Star Movie: "Desperate Women."
12.20 am Close: Personal choice with Ray Smith.

All IBA Regions as London except at the following times:—

ANGLIA
1.25 pm Anglia News. 5.15 Survival. 6.00 About Anglia. 12.15 am Anthology.

ATV
1.20 pm ATV Newsdesk. 2.45 Family. 5.15 Mr. and Mrs. 6.00 ATV Today. 12.15 am Stars on Ice.

BORDER
1.20 pm Border News. 5.15 The The Squirrels. 6.00 Lookaround Tuesday. 12.15 am Border News Summary.

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Sam. 6.00 Report At Six. 10.28 Channel Late News. 12.15 pm Commentaires et Prévisions Météorologiques.

GRAMPIAN
9.20 am First Thing. 1.20 pm Grampian News Headlines. 2.50 Young *Ramsay. 5.15 Survival. 6.00 Grampian* Today. 6.05 Out of Town. 12.15 am Reflections. 12.20 Grampian Late Night Headlines.

GRANADA
1.20 pm Granada Reports. 2.45 Family. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Cabbages and Kings.

HTV
1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.45 Family. 3.45 The Entertainers. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 George Fame and Company.

HTV Cymru/Wales—1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Ffilmiau'r 70 au. 11.45-12.15 am Country Comes West.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH
1.25 pm News and Road and Weather. 2.45 Young Ramsey. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 12.20 am Late Call.

SOUTHERN
1.20 pm Southern News. 2.45 London Belongs To Me. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 12.15 am Southern News Extra.

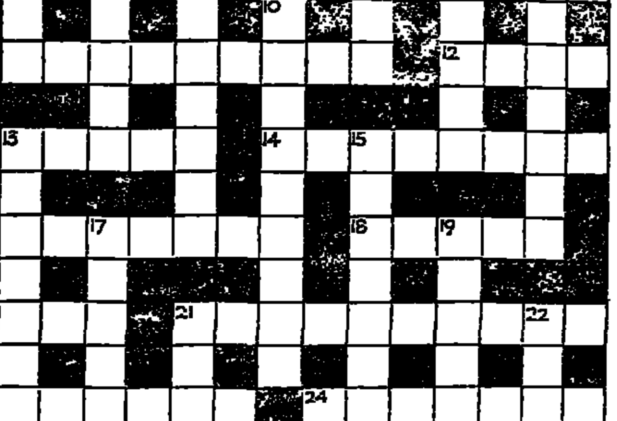
TYNE TEES
9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Mr. and Mrs. 6.00 Northern Life 12.25 am Epilogue.

ULSTER
1.20 pm Lunchtime. 2.45 Young Ramsey. 4.13 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 12.20 am Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Love Boat. 5.15 Sam. 6.00 Westward Diary. 10.28 Westward Late News. 12.15 am Faith for Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 2.45 Cabbages and Kings. 3.15 Calendar Tuesday. 5.15 The Squirrels. 6.00 Calendar (Emley Moor and Belmont editions). 12.20 am George Hamilton IV.

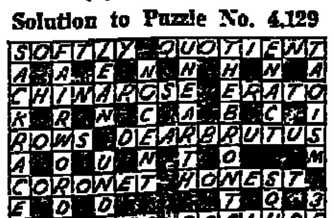
F.T. CROSSWORD PUZZLE No. 4,130



ACROSS
1 Fly, for example, with fashionable party (6)
4 Root cause of vehicular disintegration (6)
8 Most thin or most small around the north-east (7)
9 Brand to set aside (7)
11 A falsehood people find divisive (10)
12 Man with a mother? He had none! (4)
13 Pay out for odds on finish (5)
14 Oriental flower in cathedral city (8)
16 Reel to take the breath out of girl (8)
18 Protective clothing seen at airport (5)
20 Fit half of us in time (4)
21 Meddler makes useless wine (10)
23 Pagan or hybrid providing a good example (7)
24 Disloyalty was the reason he left (7)
25 Marshal follows youngster with an organ (6)
26 Going up like foreign currency (6)

DOWN
1 Lied badly about article that is perfect (5)
2 Genuine, seeing that soldiers follow (7)
3 Shuffle cards as an oracle (9)
5 Silver the Scots own once more (5)
6 Run riot with a politician in anger (7)
7 Sailor and saint in cover (9)
10 A change of route that provides amusement (9)
13 Type of shoe to throw to defender (5-4)
15 Weapons for those with little limbs (5-4)
17 Staunch Conservative is to cease being tough (3-4)
19 Substitute salesman with decorative textile product (7)
21 Way one must follow in rock (5)
22 Nonsense about large size bed (5)

Solution to Puzzle No. 4,129



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 90-92.5vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen from Brusels. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. ‡12.20 Derek Hobson's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Brian Fahey and the BBC Scottish Radio Orchestra (S). 7.30 Folk 79. 8.02 Tuesday Night is Gala Night (S). 9.02 Max Jaffa with Music for your Pleasure (S). 9.55 Sports Desk. 10.02 Laughter in the Air. 11.02 Brian Matthew with Round Midnight, including 12.00 news. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture—Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Richard Strauss (S). 9.50 Northern University Concert: Part 1 (S). 10.20 Interval Reading. 10.25 Concert: Part 2. 10.55 Israel Piano Quartet: Part 1 (S). 11.25 In Short (talk). 11.35 Israel Piano Quartet: Part 2 (S). 12.15 pm Lunchtime Prom: Part 1 (S). 1.00 News. 1.05 Six Continents. 1.20 Lunchtime Prom: Part 2 (S). 2.05 The Polignac Salon (S). 3.00 Oboe and Piano Music (S). 3.35 Voice and Instruments (S). 4.10 Sibelius violin concerto (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S), including 5.45-5.50 News. 6.15 At Home: Prokofiev and Haydn concert. 7.10 Delius's Cello Sonata. 7.30 The World Turned Right Way Up? (talk by Christopher Hill). 8.00 Royal Concert—Part 1: Arnold, Strauss, Elgar (S). 8.45 Happy and Glorious: Poetry for the Queen's Silver Jubilee. 9.05 Royal Concert—Part 2: Bax, Sibelius (S). 10.00 A Winter's Tale (Fable by Gerhard Rühm) (S). 10.20 The Beecham Legacy (S). 11.20 Kenneth Gilbert harpsichord recital (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00, Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.35 In Britain Now. 10.30 Daily Service. 10.45 Prestor John. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Towards 2000. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 The Monstone (S). 4.10 Bookshelf. 4.40 Preview. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Many A Slip (S). 7.00 News. 7.05 The Archers. 7.20 Interview with Henry Kissinger (S). 8.05 In Touch. 8.30 The Magic of Music (S). 9.15 Anthony Smith takes a look at . . . Insurance. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.30 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 After Eight Special. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London File. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott. 7.00 London Today (S). 7.30 Ric Davis's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

Portfolio managers wary

PORTFOLIO INVESTMENT managers in the Swiss banks are looking forward to 1980 with mixed emotions. Improved prospects for dollar stability *will keep steady the Swiss franc* value of foreign investments, avoiding the capital depreciations which so plagued the *mutual funds last year*. On the other hand the likely recession in the U.S. and economic slowdown in other major countries will *ensure* that world stock markets remain depressed a while longer, making selective investment more important *than* ever.

The fluctuations in the gold price, with their repercussions on the mentality of the international investment community will have to be watched with care. Overlaying everything, the banks, embroiled in a domestic controversy over banking secrecy and wary of charges of abetting capital flight from foreign countries, will be continuing their new-found caution in the promotion of investment management services.

The *mood* was best summed up by the fund manager who said his bank would be taking a long hard look before mounting *any special campaign to attract* British investors to Switzerland in the wake of the UK Government's abolition of exchange controls.

The total assets of Switzerland's 117 mutual funds amounted to SwFr14.5bn at the end of last June, little changed from end-1976 (when there were 119 funds). The reason for the lack of growth is the fall in the book value of investments denominated in other currencies compared with the *strong Swiss franc*. Fund managers are apt to grumble—if only in half-jest—that their performance would look much better *if the law allowed* them to draw up balance sheets in currencies other than the franc.

The assets of the mutual funds are dwarfed by the volume of customer funds managed by the banks on an off-balance sheet trustee basis (fiduciary accounts), which came to SwFr54.5bn (or about 14 per cent of Swiss banks' total *balance sheet volume*) at the end of 1978.

From the investor's point of view the difference between taking advantage of banks' tailor-made investment management services, and buying a unit in one of the mutual funds, is simply one of money. According to Herr Peter Bretscher, first vice president at Crédit Suisse, the minimum portfolio size which a bank will normally undertake to manage on a discretionary basis is in the range of SwFr *100,000* to SwFr 150,000. In contrast, the smaller investor interested in diversifying his risk and buying *well-tried fund management* expertise can acquire a mutual fund unit for no more than a few hundred francs.

The main *mutual funds* are in the area of bond investment, the biggest being Bond-Invest run by Union Bank, Universal Bond Selection (Swiss Bank Corporation), and the Crédit Suisse Fonds-Bonds. Equity funds are appreciably smaller. The top three in *this* section manage only around one-sixth of the assets of the three big bond funds, whose volumes are in the range of SwFr 1.3bn to SwFr 2.3bn.

Steadiness

Most of these schemes, especially the bond funds, invest in both Swiss and foreign securities, with the foreign element generally predominating. This is because of Swiss regulations under which mutual funds are exempt from the country's 35 per cent withholding tax only if at least 80 per *cent of their income derives* from foreign investments. A typical mixed equity fund might be made up of 25 per cent Swiss shares and 75 per cent foreign (the Swiss portion being somewhat more than 20 per cent because these shares are normally lower-yielding than foreign issues). However, there are also important all-Swiss equity funds whose name has been made by steadiness and reliability—as well as considerable capital gains for in*vestors from* weak currency countries.

Bond funds also make considerable investments in Swiss franc issues by foreign borrowers, which are not classified as domestic investments and are thus free of withholding tax.

Property funds, with total assets of around SWFr 5.1bn against SWFr 9bn for the securities funds, have become increasingly popular in recent years. This is partly because of Swiss laws prohibiting direct *property purchases* by foreigners, whether for investment or second homes, apart from narrowly defined exceptional cases.

The weakness of the dollar over the past few years and the rise in international importance of "hard" currencies like the Deutsche Mark and the yen, have caused a major shift in the investment mentality of Swiss fund managers. Dr. Enrico Clerici, a deputy director at Union Bank, calls it "part of the process of learning how to live with floating exchange rates." Mutual fund managers are now much more flexible in adjusting the currency make-up of their investment portfolios than was the case a few years ago.

Five years back it would not haveb een uncommon for bond funds to be made up of 30 to 40 per cent—or even more—of dollar investments. Now, a typical dollar component might be 20 to 30 per cent, subject to fairly strong fluctuations according to the performance and prospects of the currency on the foreign exchange markets. With the dollar presently underpinned by high interest rates compared with those on the "hard" currencies, as a result of October's Federal Reserve credit package, bond managers tend to give the U.S. currency greater weight in their portfolios than they did 18 months ago.

Showing the diversity of currencies now in vogue, the *portfolio of UBS's Bond-Invest* is presently split between about 35 per cent Swiss francs, 27 per cent U.S. and Canadian dollars, *26 per cent Deutsche Marks*, 6 per cent guilders, 5 per cent yen and 1 per cent others (mainly sterling and Belgian francs). The same broad currency mix would generally be shown by the international equity funds, although with a greater weighting normally given to the U.S. dollar. reflecting the dominance of Wall Street. Globinvest, UBS's main worldwide equity fund, for instance, has about 29 per cent of its investments in dollars, with the next largest components about 16 per cent for Swiss francs, 10 per cent French francs and 7 per cent Deutsche Marks. The proportions can, however, change rapidly owing to day-to-day decisions by the managers.

To take account of strong performances or growth prospects for particular sectors, the banks run a series of schemes investing in specific areas—for example, Japanese stocks, energy-related equities, Canadian property or South African mining shares. The equity funds investing only in Swiss shares have also remained popular despite the rather low dividend yields of only about 3 per cent obtainable on domestic equity markets. With capital appreciation added, some all-Swiss mutual funds have shown overall yields of some 18 per cent annually—which of course is even better in terms of weak currencies.

The banks make no bones of the fact that their mutual fund schemes — even the more specialised ones—are geared essentially to a weighted spread of investments. If individual investors have specific preferences, they will go the whole hog and cash in fund units, to buy gold, long-term Eurodollar bonds, or put money into short-term dollar deposits. All three investments — particularly *gold* (in which Swiss mutual funds are forbidden by law to invest directly)—are cited as alterna*tives that have lured customers* away from the mutual funds in recent months.

The investment service manager, on the other hand, can offer his client—whether a private investor, a company or an institution — a portfolio which exactly suits individual requirements, and which can be changed flexibly either as a result of direct instructions or general guidelines issued by the customer. Specifications vary enormously. But one common factor is that gold is becoming more important in individual portfolios: 10 per cent is now a typical weighting, according to one fund manager.

During the metal's unprecedented climb up to $450 per ounce earlier this autumn, the gold component in some customers' portfolios entered the 15 to 20 per cent range. This was judged too high, leading to a certain amount of selling around the higher levels which was one reason for the metal's fall back to its present price around $400.

Bankers say there has been a rash of inquiries from the UK for investment management services following the liberalisation of exchange regulations last month. The Swiss banks are anxious to stress to potential clients the *advantages* of a strong currency, stable political climate and rightly renowned investment expertise. But they *are also concerned to* point out the advantages that Switzerland does not have to offer—namely, contrary to *popular myth abroad, complete* banking secrecy and totally anonymous accounts.

Banking secrecy legislation, *dating back to 1934*, lays down imprisonment or fines for bank personnel passing on information about customers' dealings to anyone outside the bank. But it is lifted in cases of criminal investigation. And under a Bill now passing through Parliament, which the Government hopes will become law in 1981, banks will be required to co-operate for the first time with foreign tax authorities pursuing suspected cases of fiscal fraud (although in cases of tax evasion, the veil of banking secrecy will remain drawn for both domestic and foreign tax inspectors).

Numbered

As for numbered accounts, banks are at pains to point out that these are never truly anonymous (unlike the accounts which can be opened, for example, in neighbouring Austria). Senior bank personnel have a duty to make certain of the identity of account holders; the information is merely hidden from the lower ranks such as bank tellers. And there can be practical difficulties in operating numbered accounts. Unless powers of attorney are granted, the holder is generally expected to visit the bank in person in order to make withdrawals or transfers.

A significant part of the banks' defensiveness on the secrecy issue stems from the scandal which arose after gross mismanagement was uncovered in the spring of 1977 at Credit Suisse's Chiasso branch. This eventually cost the bank some SwFr 1.2bn. The affair gave impetus to proposals by the Swiss Socialist Party to tone down important aspects of banking secrecy — proposals which are due to be put to a nationwide referendum in 1982 or 1983 — as well as increased efforts by the Federal Banking Commission to tighten surveillance over banks' foreign activities.

Other consequences included a "*good behaviour*" gentleman's agreement between the Swiss National Bank and the commercial banks signed in 1977 to cover procedures involving the acceptance of foreign funds; and new guidlines drawn up by the Swiss Bankers' *Association* earlier this year setting down general rules for banks' asset management activities.

The banks will probably go on being defensive about portfolio management for some time to come. Yet their activities in this area look certain to carry on prospering. There is a German maxim: "Money alone *does not bring happiness; you* must also have it in Switzerland." Few international investors can conceive of any time when that will cease to be true.

David Marsh

Stock exchanges look in better shape

THIS YEAR should prove a *generally good one for Switzerland's* stock exchanges. Business has been growing in terms of both turnover and individual transactions. At the start of the year non-resident investors were once more allowed to purchase domestic Swiss securities, thus removing one of the obstacles to satisfactory growth. Share prices rose by early October to their highest level for six years, while new issue volume will probably be not substantially below the high *level reported for 1976*.

The first three quarters of 1979 saw the consolidation of Switzerland's position as one of the world's *leading securities* trading centres. In Zurich alone turnover reached SwFr 87.91bn ($53.34bn) in respect of share and bond transactions combined and is set fair to pass the record figure of SwFr *111.99bn ($67.95bn)* attained in calendar 1977.

The Basle bourse, whose turnover was of SwFr 19.68bn ($11.94bn) for the January-September period, seems likely to break the annual record of SwFr 23.01bn ($13.96bn) set up in 1976. The third major Swiss stock exchange, Geneva, does not publish turnover figures but its total bargains is traditionally higher than that booked in Basle: here, as in Zurich, it seems the 1977 record will be surpassed this year.

Share prices strengthened after the lifting of the restric*tions on non-resident* investment in January, remaining more or less stable until a slight decline in mid-year. This was *followed by a firm and generally* upward market to the point when early last month the official share index for the first *time reached* the *level it had* been at before the oil-crisis decline which properly set in during October, 1973.

All these figures *must* admittedly be regarded with some care. As Dr. Rudolf Kaderli points out in his book "Das Geheimnis der Börse," for example, the stock exchange turnover figures include not only share and bond transactions, but also those of over-the-counter business; furthermore, the amounts are based on cantonal turnover tax income and include double calculations. The official share index, too, is not very highly regarded, many market observers preferring one of those published by a big bank. Nevertheless, available statistics do show general upward development in what is a very large market by any standards.

An idea of the rise in values over the year is given by figures recently issued by the Zurich Stock Exchange Association. Of the 334 shares *listed there at the end of September*, 171 were Swiss titles. Market capitalisation of these Swiss shares rose by 16.4 per cent from the end of 1978 to the end of September last to reach SwFr 71.4bn.

Despite the expansive phase through which the Swiss bourses have been passing, the past weeks have seen a definite flagging in share demand. In*dices are off by some 5 per cent* in comparison with the recent high. Domestic investors rather than non-resident appear to have been leading the selling. Foreign investors had, incidentally, been much in evidence as purchasers during the spell of monetary unrest in September, but are now holding off.

The setback had not been unexpected by the banks—which in Switzerland also act as stockbrokers. Interest rates began to increase on all sides some *weeks ago* and are *continuing* this upward trend. The raising of the bank rate *to* the mid-*1977* level at the beginning of this month represented official confirmation of this development. At the same time inflation in Switzerland is at its highest stand in four years.

Weakening

In addition to this environment of rising rates, the Swiss franc itself has lost strength *in comparison with former* performance to such an extent that the authorities have had to take steps to ward off a further weakening for fear of a rise in imported inflation. Swiss securities are thus no longer highly sought after for their intrinsic value as Swiss-franc holdings, and this goes for both domestic and foreign investors.

At the same time, however, shares are looking more attractive in themselves by virtue of the gradual recovery of the Swiss economy. Corporate reports, not least the autumn interim statements by the big banks themselves, look promising. *while there are signs of* better profits in several key industries, or at least in important sectors of them. Falling *share prices will naturally make* obtainable yields look better, especially at a time when there is little fear of a general de*cline in dividends. In addition*, any new weakening of the dollar would doubtless lead in a relatively short time to new investments by the currency-minded and by those seeking new and safer havens for their funds.

Bankers and others involved in the market feel that this is today almost equally balanced between the effects of higher coupons elsewhere—particularly in the bond sector—and the brighter economic scene.

No marked decline is anticipated from current quotation levels, even if most observers do not expect a noticeable up*swing* for some time to come, either.

As far as share issues are concerned, the value of new domestic stock amounted to SwFr 1.18bn ($717.4m) in the first three-quarters of this year. Of this, over half came from *banks* and *almost all of this* (SwFr 550,000m-plus) from three of the Big Five. As much as SwFr 420,000m of the rest was accounted for by rights issues of major industrial and service corporations—Oerlikon-Bührle, Swiss Aluminium and Zurich Insurance. It is typical of the Swiss market that the vast majority of new equity is accounted for by a few big groups.

Next year it seems likely that further lively use will be made of rights issues. One reason will lie in the growing balance sheets of the banks and their need to meet equity ratios. *Another* is that many industrial concerns are setting up ambitious capital investment and acquisition programmes.

Estimates just produced by Swiss Bank Corporation point to share issues of SwFr 1.33bn ($807.5m) for this year as a whole. After deduction of some SwFr 56.5m redemptions, this would give a net SwFr 1.27bn (*$773m*). This is *considerably* above the SwFr 944.1m ($572.2m) recorded for 1978 and the highest level since the same SwFr 1.5bn for 1976.

In 1979 there was relatively little in the way of new listing on Swiss bourses. In the first nine months the number of Swiss companies with a Zurich listing rose by four and that of foreign undertakings by three. However, there appears to be a growing interest particularly on the part of North American *companies in a future Swiss* listing; the number of presentations to Bahnhofstrasse analysts, portfolio managers *and financial journalists* this year is legion. Some of these companies at least are building up the requisite number of *Swiss shareholders* to permit a possible subsequent quotation.

On the Swiss side, it is not unnaturally the banks which are in the forefront as investment advisers, both the major joint-stock banks and the *private merchant* banks having substantial portfolio management services. As stockbrokers they have the advantage of doubling up as securities traders at the same time.

The market for their services is by no means exhausted. Apart from the foreign clients, now free to invest and likely to build up their portfolios at any turn in the currency rates, the individual Swiss plays a smaller part in the market than might be expected in such a classically capitalis: country. With a population of some 6.3m, Switzerland is believed to be the home to only about half-a-million shareholders. In some cases, the man and woman in the street are put off by the very "heavy" *single shares of major corporations*, often running into four and sometimes five figures.

Perhaps even more of a reason, though, is the average yield of a Swiss share—over the years less than 3 per cent: in early November the overall yield, as calculated by Swiss Bank Corporation, was of 2.77 per cent, with that for indus*trials within this average at* 2.61 per cent and for bank stock at 3.15 per cent. The same or a better return is available even *in the most copper-bottomed of* fixed-interest paper at a time of low coupons; the current average yield on maturity for *Federal bonds is of about* 3.5 per cent. In the deposit field even cantonal bank savings accounts have been paying 2 per cent.

J.W.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000

Tuesday November 20 1979

Breaking up the BBC

THE BBC is in political trouble again. Not only is there the case of the *Panorama* team which filmed the Provisional IRA at work in Northern Ireland without informing the appropriate authorities; at the week-end Mr. *Michael Heseltine*, the Secretary of State for the Environment, took a swipe at it for its coverage of the Government's expenditure plans. Indeed, Mr. Robert Carvel has informed us in a recent article in *The Listener*, which clearly dug deep into the BBC's archives, that political interference with broadcasting over the years has been much greater than generally realised.

Licence fee

On present trends there seems no reason to believe that the outbursts of criticism will die away. The BBC does not appear to be popular with Mrs. Thatcher, not least because of its follow-up treatment of the assassination of Mr. Airey Neave. On the other hand, the Corporation still has its strong supporters. It is worth noting that Mrs. Thatcher's Government suffered its first real setback in the House of Commons when it failed to push through its plan to lop off £4m from the budget for the external services.

In the background there is the continuing argument about the size of the licence fee, which ultimately is the Government's most powerful way of exerting control. No-one wants to give the BBC a blank cheque, yet it is difficult for the Corporation to plan if it does not know what its revenues will be, especially in these days of high inflation.

Political football

The BBC in short is becoming something of a political football. *Almost everybody has a view on* it, but hardly anyone seems to be in charge. This state of affairs is not good for broadcasting, not good for the public, and not good for government. One has only to imagine, for example, how intolerable it would be if newspapers were subjected to the same pressures, both direct and indirect.

It might be different if the BBC really were the venerable institution it is sometimes made out to be. In fact, it is not. The BBC is no longer, if it ever was, the guardian of the best of the English language. Its news reporting is sometimes inaccurate. It provides services, such as music of all kinds, light *entertainment* and talk shows, which could perfectly well be paid for in other ways. Its standards on the whole are no better than those of the average *newspaper*.

Standards

Yet at the same time we have a Government which is generally committed to breaking up big corporations, to the injection of private capital and to encouraging diversity and competition. So far there has been no sign of this philosophy being applied to the BBC, although it would seem a natural candidate. There is no reason whatsoever why the licence fee should be used to churn out Radio 1 and Radio 2. Equally there is no reason why Radio 3 could not be financed either directly by advertising or by sponsorship. If there is to be a state channel, whether radio or television, it should be kept small and obliged to compete more than at present with the private sector. It could do that by keeping standards, not by dropping them.

Way out

The fact is that the BBC as we know it has developed into an anachronism. Neither its domestic nor its external services are as good or as independent as they are cracked up to be. The question for the Government should be not how far it can extend its political control, or at least the threat of control, but whether it is prepared to apply its doctrine of freedom and diversity and trust in commercial forces to the field of information and entertainment. There is no doubt which would be the bolder choice.

As for the BBC authorities, they too might like to ponder whether it is worth defending the existing institution. It has not always worked well in the past and it is under increasing pressure today. The way out may be found in breaking with the Government altogether.

Dialogue with Latin America

The visit of Herr Wilhelm Haferkamp, Vice-President of the European Economic Commission to Mexico last week, coming as it did within a few weeks of his trip to Brazil, underlined the increasing interest that has been shown this year by the European Community in Latin America.

Jostling

As the world oil crisis has deepened the EEC has been increasingly conscious of its interest in the petroleum resources and the other raw materials in Latin America. The region contains a third of the world's copper, more than a quarter of its bauxite and around a fifth of its iron ore and tin.

While Venezuela continues to find a market for its oil, more particularly in the U.S. many European countries have been jostling in the queue to obtain a share of the fast growing oil exports of Mexico. Indeed a good part of Herr Haferkamp's time in Mexico City will have been taken up on oil matters.

For the past three years Latin America has run a surplus with the Community which has ranged between about $½bn and $1bn. Trade in both directions last year came to just less than $24bn. Hardly less important are Europe's financial transactions with the region, much of whose investment capital comes from Europe.

Diversification

In the course of 1980 it is likely that the Community will further formalize its relationship with its largest trade partner in the region, Brazil.

A wide ranging agreement on trade and economic co-operation is being worked out between Brussels and Brasilia which will reflect the fact that the Community is now Brazil's largest export market, far outstripping the next most important market, the U.S., and second only to the U.S. as a source of imports.

Relations between the Community and Mexico are much less important for the moment, given the great preponderance of the U.S. in that country's trade. But the Community must benefit from the desire of Mexicans to diversify away from too great a dependence on their northern neighbour.

By the end of this century the region's present population of 345m is expected to increase to 600m and as one of the world's "middle-class" regions its gross national product per caput is substantially higher than, say, the average in Africa. In addition the pace of industrialisation in much of the area allows industrial planners today to consider including many Latin American countries in their projects for integration. Some Brazilian-made components for motor cars are, for instance, regularly being used *in the production of European* models.

Valuable

The often halting dialogue *between the Community and* Latin America is slowly being improved. The Secretariat of SELA, the Latin American Economic System, has proved a *valuable interlocutor for Brussels*, suggesting concrete schemes for bettering the exchange of ideas.

Brussels has also started to *form a special relationship with* the Andean Pact. The six countries which make it up, Venezuela, Colombia, Ecuador, Peru and Bolivia, are seen in Brussels *as having been the most* effective proponents of Latin American integration and their progress is being followed with interest.

The *visit of the Commission* in July of President Julio Cesar Turbay, the Colombian Head of State, was a symbol of the particular links with the Andean bloc.

Representation

The Commission also makes *a point of reminding the world* that economic and commercial co-operation and the Law of the Sea have been among the topics discussed at joint meetings of *the European Parliament and* the Latin American Parliament, though the latter does not include representatives of all Latin American states.

There remains a *great deal* to do nevertheless. Herr Haferkamp's two visits should be welcomed as a well planned and shrewdly timed initiative.

TWO YEARS AFTER MR. SADAT'S VISIT TO ISRAEL

The mirage of a Middle East peace

BY ROGER MATTHEWS, Cairo Correspondent

TWO YEARS after President Anwar Sadat's initial visit to Israel the Egyptian leader remains publicly as *irrepressibly optimistic about* the chances of a comprehensive Middle East settlement as ever he has been.

Seen from almost anywhere in the Arab world, other than Cairo, the prospects of a just peace have even diminished and Mr. Sadat's actions are blamed for contributing to a mood of unease and *frustration* that at times appears to bode ill for the stability of the region, and therefore for the economic well-being of the industrialised world.

The arguments in favour of what President Sadat has done remain constant. He broke the log jam of 30 years' unending hostility with an act that encompassed his qualities of political courage, physical bravery and diplomatic vision. As one of his senior aides put it recently: "We tried for very many years the Eastern bloc way of conflict and war. What we are now doing is giving the Western way a chance through diplomacy. We are confident of success but equally it will not be our fault if we do not succeed. The blame will be laid very clearly at Israel's door."

Never the same again

For President Sadat and those of his officials who have managed to keep pace with him over the past 24 months the Middle East will never be the same again. They see that a quantum leap has occurred and one that, whatever happens subsequently in Egypt or Israel, can never be set aside because the basic idea of peace is so deeply appealing to the peoples *of both countries*.

The initial euphoria in Egypt bore witness to the relief that accompanied Mr. Sadat's pledges that sons would no longer have to die on the battlefield and that the battered economy could now be reconstructed. Western aid that is flowing into Egypt at the rate of about $2bn a year is at least in part designed to ensure that President Sadat will not be hampered in his peace efforts by the kind *of street rioting that shook him* so badly in January, 1977, and that he is given a real opportunity to lay the basis for a more prosperous future.

"President Sadat is either going to go down in history as a man of true greatness or as a failed visionary who did not understand the realities of the Middle East," said one of his close associates in Cairo recently. "He will be great if he succeeds but he will be written off by history if he fails."

The hostility of the Arab world is largely dismissed by Mr. Sadat's aides as a worrying but transient mood that reflects the difficult psychological adjustment that those countries must go through before they come to terms with the new facts that have been created. *Yet among many Palestinians*, Syrians and Jordanians—the people most intimately involved in the conflict with Israel—there is no denying the genuineness of their anger and bitterness at President Sadat and President Carter. In two years these emotions have, if anything, deepened as the Egyptian leader appears progressively to have given away his main bargaining cards and departed still farther from the spirit of his speech to the Israeli *Knesset*. While Mr. Sadat remains optimistic that he is only a few months away from an agreement to solve the Palestinian issue, his opponents are *equally convinced that he* now stands naked and alone with his bi-lateral, totally self-interested peace treaty.

With hindsight, there is a certain logical inevitability about President Sadat's foreign policy. The ejection of 20,000 Soviet military advisers and personnel in 1972, war with Israel the following year in order to restore some Arab pride after the 1967 debacle, the two Henry Kissinger-inspired disengagement agreements in 1974 and 1975, the visit to Jerusalem in 1977, the Camp David framework agreements signed with the U.S. and *Israel in 1978*, and this year the culmination: a peace treaty with the Jewish state providing for full withdrawal from occupied Egyptian territory over a three-year period, exchange of ambassadors, full normalisation of relations and a formula for discussing (no more than that) Palestinian aspirations to have their own state on the West Bank and Gaza Strip, land that was seized from Jordan and Egypt respectively 12 years ago.

From a very narrow, entirely nationalistic stance it is as much as either Egypt or Israel might want. President Sadat gets *his land back without firing* another shot plus peace in order to tackle his economic problems, while Israel has fulfilled the dream of neutralising its largest Arab neighbour without having committed itself to withdrawal from Judea and Samaria (the biblical name for the West Bank on which the religious zealots base their claim to sovereignty), from the Gaza Strip or from Syria's Golan Heights.

Some Egyptians, especially among the newly-monied entrepreneurial class which has benefited most from the inflow of Western aid, are very happy to see it that way and cheerfully trot out the hoary old cynicism about the Palestinians always having been willing to fight to the last Egyptian. President Sadat has himself encouraged this mood of Egyptian nationalism with attacks on his Arab critics that have not spared even those who are most conservative and basically sympathetic to him such as Saudi Arabia and the Gulf states. Small wonder, then, that the other Arab states bordering Israel should not give Mr. Sadat even one last lingering benefit of doubt.

But that does not mean that the rest of the Arab world will not eventually have to accept the peace treaty as a fact, cannot seek to take advantage of whatever new circumstances it might have helped to create, or will rid itself of the belief that the Egyptian people will before long discover the error of their President's ways and remove him.

What Mr. Sadat has so far *achieved in the pan-Arab* interest, or more importantly what he has done to change public opinion in the United States, is a subject for endless argument. To the unbending, he is a Third World puppet having his strings pulled by the Jewish lobby in Washington; the more pragmatic might reluctantly admit that the fresh attention he has brought to the Middle East combined with the effects of the Iranian revolution and the energy crisis could yet mesh with American self-interest to force a just solution on Israel.

Optimism on this score has, however, waned in the past two years. In Beirut, Damascus and Amman any belief that the U.S. can or will force Israel to negotiate seriously has been negated by the attitudes and actions of Mr. Menahem Begin's government since President Sadat's visit.

West Bank pointers

Officials point to the meekness of U.S. protests when Israel builds fresh settlements on Arab land, the U.S. failure to *stop the ecological balance of* the West Bank being altered by the Israeli "theft" of water resources from Arab farmers, the use of the most *sophisticated U.S. weaponry last year to* invade southern Lebanon and this year to shoot down nine Syrian fighters, the expulsion of Palestinian leaders from the occupied territories—and all this at a time when the U.S. and Israel are publicly proclaiming their commitment to a comprehensive Middle East peace.

Worse still, it is argued, some of these Israeli actions appear wilfully designed to obstruct progress in the negotiations which began last summer on Palestinian autonomy and are due to be completed next May. Scarcely any agreement on matters of substance has been reached so far, even though the Egyptian, Israeli and U.S. negotiators have been concentrating on by far the easiest part of the package—the modalities for West Bank and Gaza elections to a Palestinian self-rule authority.

Disagreement is more fundamental over the powers a Palestinian authority would enjoy and the future of Arab East Jerusalem. Mr. Begin's scheme for offering a narrow form of autonomy to the people of the West Bank and Gaza, while Israel retains effective control of the land, has but confirmed the Palestinian view that to join the process would be to give approval to continued Israeli occupation.

But this does not mean that the Palestinians in general and the *Palestine* Liberation Organisation in particular have lost hope of reaching their goals by diplomacy. On the contrary, there is little talk of war in the Middle East today and Mr. Yasser Arafat, chairman of the PLO, is undoubtedly riding high on the crest of initiatives that have won for his organisation increasing recognition in Western Europe and some changes of attitude, especially among the black community, in the U.S.

Mr. Robert Strauss, who recently quit as chief U.S. negotiator to the autonomy talks, privately made no bones *about his belief that the U.S.* would have to talk to the PLO, perhaps even in defiance of the Kissinger pledge to Israel that America would never do this until the PLO had first accepted Israel's right to exist and agreed to drop terrorist actions.

To build on this success, Mr. *Arafat is* to call a congress of El Fatah, the main guerrilla organisation, in order to consolidate his position and prepare his defences against the *sniping that is already* beginning to come from the smaller, more radical Palestinian groups.

The next diplomatic victory for Mr. Arafat may well come with an invitation from President Giscard d'Estaing to visit France and there is always the chance of some glittering prize to be won by aiding the U.S. in a purely humanitarian way, such as negotiating the release of American hostages from the embassy in Tehran. Could President Carter afford to ignore the PLO after such a coup?

Sadly for the Palestinians, Islam and the Arab world do not have sufficient common interests at any one time to arrange matters in such a way. As was shown at the Baghdad summit a year ago and at the subsequent Foreign Ministers' meeting in March, when a political and economic boycott of Egypt was agreed, the Arab countries can act almost unanimously in defence of their interests, but suspicions and tensions rapidly develop when agreement is needed on breaking new ground or adopting more progressive policies.

Solid front weakening

Hence the detestation of President Sadat, the wariness with which President Hafez al Assad of Syria is watching the manoeuvrings of Mr. Arafat, the rivalries within the PLO, the regular shuttling between Arab capitals of that remarkable survivor, King Hussein of Jordan, still only 44 and 27 years on the throne, and the widespread dislike of Saudi Arabia which is perceived to use its vast wealth without any effective commitment to the Palestinian cause.

Collectively and individually, the Arab countries also appear less prepared than they were a year ago for any joint action. The revolution and Islamic revival in Iran is a profound preoccupation for the conservative monarchies of the Gulf and for Iraq, which has a large Shi'a Moslem population and a history of violent conflict with the Kurds, who are again fighting for self-determination. The prospect of a newly strengthened eastern front to challenge Israel collapsed with the end of the brief rapprochement between Syria and Iraq. The intense personal antipathy between Iraq's new President Saddam Hussein and Syria's President Assad has been added to the deep political differences between the two rival Ba'ath parties and would seem to rule out anything but at best the most superficial political co-operation in the foreseeable future.

Syria also has its own internal political difficulties: the nine-year rule of Mr. Assad is under growing threat from inter-communal violence. Colonel Khedaffi of Libya is really not taken very seriously by any of his Arab neighbours, except by President Sadat, who would dearly like to given him a bloody nose, while Algeria has almost dropped out of the Arab picture since the death of President Boumedienne and is anyway deeply involved in the *conflict* with King Hassan of Morocco over the fate of the Western Sahara.

Of course, the Arab countries are vulnerable to the criticism that they have failed to come up with any credible alternative to Mr. Sadat's policies, something of which King Hussein is particularly aware and in his own unassuming way is trying to remedy.

But given that most of the Arab *nations were born in their* present form only during the past four decades, have leaderships which are all sharply conscious of the need to establish their legitimacy, and are all to a greater or lesser extent struggling to come to terms with the impact of wealth and Western culture on basically rigid and conservative societies, it is hardly surprising that they reject precipitate actions which could undermine their stability.

This week's Arab summit meeting in Tunis, therefore, will do well if it can merely reaffirm last year's Baghdad resolutions and find some formula of words, but of course no concerted action, on the situation in southern Lebanon. To expect much else would be unrealistic, especially as not many Arab leaders wanted the summit anyway. Only perhaps, the prospect of an Israeli ambassador arriving in Cairo by next February 26 will stir the delegates into effective unity.

But any fresh action against President Sadat is already tempered by the Baghdad pledge not to do *anything* which would seriously harm the Egyptian people.

The boycott has had little short-term effect on Egypt. But its longer-term consequences may be more serious by thrusting President Sadat ever deeper into the arms of the U.S.

For an American President who shares so many of the basic tenets of Middle Eastern leadership—capitalism, religion and anti-Communism—it is alarming to find just how much ground Mr. Carter has lost during the past two years. He is now blamed at least as much as Mr. Sadat for what is happening in the Middle East.

A happy moment for Egypt's President Sadat (left), Mr. Jimmy Carter and Israeli Prime Minister Mr. Menachem Begin after the signing of the Middle East peace treaty in March of this year.

MEN AND MATTERS

New growlings about dogs

Things are looking up for that beleaguered minority who cannot understand why, in the face of health and education cuts, the dog should remain a fiscal sacred cow. The licence costs *those who bother to pay it 37½p*, a pale shadow of the 7s. 6d. fixed a century ago.

An adjournment debate late on Thursday night last week, *failed*, what with one thing and another, to make the front pages. But the Tory MP for Northampton, Tony Marlow, a member of the League for the *Introduction of Canine Controls* (LICC), and Clive Soley, Labour member for Hammersmith North, made some telling points about toxocara canis, the need *to raise the licence fee and the* desirability of issuing licences only to dogs furnished with veterinary certificates of good health. "It wasn't like an *adjournment debate*," *says* Marlow. "There were a lot of people there. There's growing public interest. I've had a lot of correspondence as a result." *He feels confident that the* Government will make time to increase the fee next year, if not this.

Today a question is to be asked in the House, quite independently, by Marlow's Tory colleague Tony Speller, who won North Devon from Jeremy Thorpe in the May election. He is also raising the question of the dog licence. "By now," he says, "it must be costing more to collect than it raises. According to the CBI's latest figures the cost of sending out a standard letter is £3.50. My own belief is that by the time the tax has been administered it costs £3 a time to collect; as a simple Tory it makes no sense to me at all."

Aware that he is treading on a *political* minefield, Speller insists that it is only reasonable for those who keep pets to pay the actual cost to the community at large. He adds

hastily: "I am a dog owner myself and a member of the Canine Defence League." But Speller is evidently a rash character—he is also going to suggest to the House that caravans, another British institution, should be taxed at at least the same rate as cars.

Thinking alike

The Carter Administration is having some difficulty determining who on earth it ought to be talking to in Iran. But the Ayatollah Khomeini and those who advise him are displaying *a distinctly un-seventh century* awareness of the medium of television in getting the message across to the American public.

On Sunday night all three commercial U.S. networks, CBS, NBC and ABC, featured 15 minute interviews with the Ayatollah in Qom; all filmed earlier in the day and just three days after Khomeini had announced to the world that he was tired and going into seclusion for three weeks.

The interviews were somewhat stilted (all questions had, as usual, to be submitted in advance and attempts by the interviewers to freelance were frustrated by the official Iranian interpreter who declined to translate unapproved questions); nonetheless it constituted a coup for the networks.

The organisation which it seemed last week, should have netted the dubious prize was the poor brother of U.S. television, the Public Television Service—non-commercial television. Robert MacNeil, ex-Panorama and co-host of the excellent MacNeil-Lehrer report, was in Qom on Friday all ready to go. But impoverished PBS had been forced into a deal with ABC, whereby ABC was to provide the camera *crew in return* for rights to excerpt in its news programmes from MacNeil's interview.

This was too much for CBS and NBC, both of which pointedly reminded the Iranians of the size of the American market—something like 50m viewers for CBS's 60 minutes Sunday night programme. "The Iranians, clearly impressed by the ratings, quickly capitulated." CBS got the Ayatollah first, the other two shortly afterwards, and poor MacNeil flew home understandably miffed.

Price of fame

Around the world, wherever accountants gather, it is of the Association of Certified Accountants that they *often* speak. No wonder, for it is the professional alma mater to hundreds of thousands of them, having provided them with their basic education in the art and according them the status which few other bodies can reach. At the Lincoln's Inn Fields HQ, students are represented by pins on a map—even the three in the Seychelles.

Unfortunately, not all of those who embark on the course emerge with the qualifications they need, and those who do *drop out—should they have the* capacity to add up the amounts involved—must reckon on paying out at least £110, and in some cases a great deal more, *for the privilege of putting* ACCA (failed) after his or her name. The association stresses that it does not exist to make a profit and was embarrassed last year *to have to* refund £250,000 in excess takings. Since 65,000 students are on its books at the moment, 25,000 of them from overseas, the annual income is substantial and balance remains healthy—even to an accountant's rheumy eyes.

At the moment a brand new examination syllabus is being prepared, to be brought into operation for the next academic year, and there is a chance th taits rigorous demands will even extend as far as the People's Republic of China. Chinese aspirants are advised to read the fine print of their agreement: not only are charges going up in 1982, but all 18 examination fees must be paid in full, including those for papers from which the student is exempt.

Peel power

Not since the heyday of chicken manure as the auto-propellant of the future has a more unlikely source of energy been discovered than orange peel. Francisci Rossi, a Brazilian Congressman from Sao Paolo, has *taken to running his Volkswagen* Passat on just that. Recently he drove his car more than 600 miles from Sao Paolo to Brasilia. With its glass tank *full* of orange peel essence strapped to the roof, it stands in the Congress car park available to anyone wishing to take it for a trial run.

"The performance is not quite up to petrol or alcohol standards yet," one Congressman confides, "but the aroma is delightful; it glides like pancakes doused in flaming cointreau."

Observer

THE ARTS

Théâtre des Champs Elysées, Paris

Paul Taylor

by CLEMENT CRISP

The banquet of dancing that Paris enjoys this autumn—seven visiting ensembles, and the Opéra troupe working in two theatres—is a dreadful comment upon the predictable and austere fare with which London audiences are fed, and will soon be fed up. After appearances by Baryshnikov and the New York City Ballet stars, and by Merce Cunningham, and with Eliot Feld, the Stuttgart Ballet, the Cuban National troupe, Roland Petit's Marseille Ballet, American avant-garde soloists, and Nureyev at the Palais des Sports still to come, London seems very much on the periphery of world dance activity.

Last week Paul Taylor's company was installed as a guest of the Paris dance festival. A programme of three recent creations—*Diggety, Dust, Airs*—reaffirms not only Taylor's great talent, but also suggests how secure and potent is his dance language. He has no need to be pretentious, manifests no desire to beat his public about the head with philosophising; his dances flourish through their choreographic acuity, through the control and precision of imagery that is unerring in establishing mood, be it sombre or joyous. Taylor can shock, startle, delight, without obscurantism or attitudinising; long after curtain-fall his choreography, and the emotional states it has evoked, linger thrillingly in the mind.

The three Paris works are well contrasted. *Diggety*—remember the saying "Hot diggety dog"—finds a stage littered with cut outs of dogs by Alex Katz. Into this tribute to Crufts come four girls in white dresses, with another stripped to her underwear, and three boys in dun-coloured shirts and trousers. They dance to agreeable music by Donald York that speaks of breezy youth. The cast move among the dogs; the girls are happy, extrovert; the boys leaping and tumbling, sometimes puppyishly crouching. A vast cut-out of a cabbage is brought on, turns into a flower, and a girl jives on it. The feeling is relaxed, outgoing in its charm, and perhaps slightly nostalgic for easier teen-age times. The dancing is excellent—the Taylor company is strong, finely tuned—and at the end of *Diggety* we have been in the company of thoroughly nice young people.

Very different is *Dust*. Taylor's score is Poulenc's *Concert Champêtre* for harpsichord. The stage is dark; what seems like a monstrous bell-pull is the only decoration. Three of the cast lie under black cloths, from which their legs protrude, scratching frantically at the ground. As the music's differing moods—nervous, buoyant, harsh, uneasy — direct Taylor's imagination, we see dancers whose leotards are marked by garish blotches of colour, more sores than decoration. Their activities are often distraught, tormented, impelled by unguessable terrors. We are in that night-lit world of disease and suffering that Taylor has previously explored in *Churchyard* and *Scudorama*. As with those haunting pieces, Taylor specifies little, preferring to show movement expressive of intense physical and psychic pain and allowing us to judge of its relevance as we may. With hands clasped to ankles, wrists or sides, the dancers pass by, a woman has a despondent solo, one arm held useless across her waist; she becomes leader to a group of shuffling, sightless figures; someone dies and is carted away; a couple, linked back to back flail about.

A hectic gaiety informs certain dances, typical of the swift changes of emotional tone in both score and choreography, but there is an overpowering sense of mankind doomed by whatever dust (perhaps atomic?) which has tainted them. Dust to dust may be the piece's theme, even after the final pose which is heart-rending and, if one is an optimist, hopeful, as a figure stands with arms raised to the skies while the rest of the company form a subsiding line of bodies in his wake.

Dust is a work to be received with contemplative appreciation rather than cheers, but it merits the cheers, too, by reason of its disquieting power and the magnificent dancing of its cast.

And to lighten our minds after this glimpse into the abyss, comes *Airs*. Set to movements from Handel concerti grossi and operas, it must inevitably remind us of *Aureole*. But *Aureole's* whiteness has given way to something more shadowed, though no less lovely. The dance soars and darts, pauses and sails on. General numbers intermingle with duets, and these include an exquisite interlude for Carolyn Adams, that spirit of delight, with Christopher Gillis; Taylorian grace abounds. How courteously Taylor treats his dancers, showing them off with a gentlemanly respect; and this humanity is as much part of his genius as his ability to touch our deepest feelings by the force of his dances. To Paul Taylor and his excellent company, most grateful thanks.

30th annual Pitlochry Festival

Next year's 30th annual Pitlochry Festival of Drama, Music and Art will be the last in the old theatre. The season will run from May 9 to October 4 and will consist of seven plays in repertoire, seven Sunday celebrity concerts, seven Saturday morning events, two puppet performances and a preview performance of the 1980 Pitlochry touring company prior to its all-Scotland tour in the autumn.

The plays to be performed are *Filumena, The Unvarnished Truth, The Importance of Being Earnest, Dinner with the Family, Gaslight* and *The Retiral Party*, a new play by Scots writer David Hutchison.

Negotiations are also taking place for a seventh play, so far not seen in Britain, *Mr. Klebs and Rozalie*, a recent comedy success in Paris and other European centres, by René de Obaldia.

Postal booking for all events opens on March 3 and full programme details will be available in January.


'Young Sailor I' by Henri Matisse and Portrait of Mademoiselle Hélène Rouart by Edgar Degas

Royal Academy

Post Impressionism

by WILLIAM PACKER

The huge and splendid exhibition that now fills the main galleries at Burlington House is not only of great importance in itself, but is also a most encouraging augury; for we had feared that the Academy's historic winter exhibitions, certainly on this scale of ambition, were gone for good, killed off by impossibly high insurance demands and a natural reluctance on the part of the owners to commit their treasures. But there is now some hope, it seems: this show was made possible in the first place by the extension of the Government indemnity, which already underwrites the activities of our national institutions, to cover the Academy in similar circumstances. And, some small-minded Treasury cavilling notwithstanding, it supplies at once the perfect justification for this enlightened, and extremely inexpensive, policy.

Even so, though it looms so large, insurance is only part of the problem. The other costs, too, are enormous. The Academy could never hope to meet them alone. It is, however, an enterprising body, most certainly not ashamed to ask for help when necessary: and fortunately, to the benefit of us all, sponsors have been coming forward. A month or two ago Olivetti brought us the great Horse of San Marco, an act of public generosity for which it received, I am ashamed to say, scant public recognition. For Post-Impressionism it is IBM which stands fairy-godmother, and anyone with eyes to see should be grateful to IBM for a long time to come. Thank you, IBM.

Labels are a great convenience: indeed, they help at first — we read them, accept them, and all too soon take them very much for granted. But if ever we are surprised into looking hard at them again, rather like the Cheshire Cat they have the most extraordinary way of disappearing, leaving only a sort of grin behind. Impressionism and Post-Impressionism are two oddities. They once seemed so useful, so right, the one thing leading, as it were, so easily and pertinently to the other. Yet now the suspicion begins to dawn uneasily on us that there never was such a beast as Impressionism, or if there was it took many forms, and was sighted in many ages other than the later 19th century. A few artists for a short time became preoccupied with the qualities of light, but they were as varied in themselves as in the solutions they proposed, and no clear theory or programme emerged. The contemptuous sobriquet stuck, and we simply came to believe in it, never noticing that all the impressionists themselves were post-impressionist before very long. The latter term was coined *faute de mieux* by Roger Fry in 1910, according to Desmond MacCarthy, his assistant, for that first major show in this country of the work of Cézanne, Gaugin and Van Gogh, though he took Manet as his starting-point, and brought himself up to date with the Fauves and Picasso and Matisse.

For all its range and inherent contradiction, "Manet and the Post-Impressionists" attempted to put forward a critical theory. The great virtue of this present show, so much larger, more varied and even more all-inclusive, is that it abandons for ever the very thought of a comprehensive reading or explanation, and suggests instead that a purely temporal meaning of the term will do perfectly well. Post-Impressionism is what it says it is, and, in considering whatever work might sail under that banner, we consider not a school but a period.

Any painting, therefore, that might reasonably be seen as advanced for its time, and only in the loosest sense to take its cue from Impressionism whether for or against, conscious or not, from 1880 onwards, is fair game; and even this rule of thumb is called quizzically into question. Professor Bowness, chairman of the organising committee, makes this significant remark in his introduction to the catalogue: "Until the Caillebotte bequest went on show in 1897 Impressionist pictures were not readily to be seen, and the central importance of Impressionism in art, let alone of Post-Impressionism, was not widely recognised. This is confirmed by the remarkable fact that someone as sensitive and intelligent as Matisse, when an art student in Paris from 1892 onwards, either knew nothing of Impressionism, or showed no interest in it. Instead he looked to such artists as Cottet and Dagnan-Bouveret, and began to spend his summers in Brittany like so many young painters of his generation. If we then assume that he was at once aware of Gauguin and the School of Pont-Aven, we should probably again be quite wrong . . . ."

The point is well made by the earliest Matisse of the regrettably few in the show, a picture of a Breton woman and her pig painted in 1896; and the most obvious influence is Millet.

But we must not think of the show purely in terms of French painting: the whole of Europe has been searched for material, and indeed the cross-references thus thrown up, though the hang is essentially by country, supply perhaps the most intriguing opportunity of the exhibition. Single masterpieces are here by the score, and the contemplation of any handful well worth the fee, but the connections are the special treat. Indeed, some occur to us and are frustrated, with Professor Bowness' example of Dagnan-Bouveret an unwitting offender. For where, we ask, looking at his splendid large Breton Pardon, are all the Newlyn paintings? Stanhope Forbes, Walter Osborne and William Leech, drawn to Brittany in the '80s, do not quite fill the gap.

Gaps there must be, however, in any undertaking of this magnitude, and English painting is fairly treated, with Sickert, Wilson Steer and Gwen John outstanding. And as in all the national Sections, minor artists given unexpected prominence stand up very well: William Stott, for example, and John Lavery, with his delicious evening tennis party from Aberdeen. But nearby — regrets again — are the three tiny works that must stand for Whistler, and the one Sargent, a charming boating party. Given the prominence accorded elsewhere to Besnard, Blanche and Boldini, the absence of at least a major portrait apiece from the Anglo-Americans is inexplicable.

Gallery III is given over, quite rightly, to major works of the major figures, with spectacular runs of Gaugin (the entire end wall), Cézanne and Van Gogh, with some Monet, Renoir and Signac besides, and the most marvellous Degas, the large portrait of Mlle Helene Rouart of 1886, who leans so gently across the back of her chair. Seurat is done justice in Gallery V with some exquisite small studies and a number of major landscapes; Vuillard and early Bonnard in Gallery IV.

A catalogue of personal favourites soon becomes a pointless exercise, however, amidst such riches. We continue through the Dutch, the Italians, the Germans, Norwegians, the Camden Towners and Bloomsburyites, from Anquetin and Lautrec, Van de velde, Toorop, Ensor, Munch, Corinth, Balla, Boccioni and da Volpedo, Gilman, Fergusson and Gore, until we fetch up at last with Bonnard again, Derain and Vuillard, and pre-eminently with Matisse and Picasso. From Manet, where we began, to Matisse is a long way to travel in so short a time, and a certain boggle-eyed breathlessness is excusable. Should more space have been devoted to these later masters? Perhaps; but Matisse embraces in a single work the potential of what was to come, his young sailor as memorable image as any with which to conclude so brave an exhibition.

Post-Impressionism continues at the Royal Academy until March 16.

Wolsey, Ipswich

The Eve of St. Venus

by B. A. YOUNG

Anthony Burgess has borrowed the theme of his play from a tale in Burton's *Anatomy of Melancholy*, where a young man about to be married puts his wedding-ring on the finger of a statue of Venus and finds himself married to the goddess. In the same way, Ambrose rehearses the wedding ceremony on the hand of a statue lately presented to his prospective father-in-law. At once, his fiancée decides to bolt with a lesbian friend who pretends to admire her artistic talent; and when he returns to the pub where he is spending his wedding eve, Venus shares his bed with him, invisible but tangible, and making her presence known by the fishy smell she retains from her sea-born origin as depicted by Botticelli.

A promising dramatic tale it is, potentially, especially as it enables Mr. Burgess to introduce some philosophy about the necessity of evil as a stimulant for good; but he has not made a good play from it.

As a novel, it came out in 1964; as a play, it suggests 1924, an inexpert imitation of Ben Travers, with parts that call out for Tom Walls (the father-in-law, George Selway in a grey wig) and Ralph Lynn (Ambrose, played too recessively by Ian Talbot) and a gallery of comic servants. We don't meet Ambrose until we have spent half an hour with the supporting characters; his big scene comes in the second of the three acts, where we are led to believe that Venus will appear like Don Giovanni's stone guest through the curtains at the back of the stage. But the scene is bungled: when the curtains part, they reveal only irrelevant characters with no function more than that being Venus.

All ends happily: Ambrose gets his Diana (Joanna Foster), Julia the lesbian (Catherine Terris, who seems to think she is playing in the Albert Hall) reverts to her old post as bridesmaid. The vicar (Stephen Boswell) will be able to hold his service, though he has not been told which hymns to include, the original object of his visit, which turns into a rather entertaining exorcism. Brian Ralph as the Labour MP who is best man can continue making extempore speeches and Audrey Barr, mother-in-law, can go on elegantly arranging flowers and serving coffee. But what has happened to this essential evil?

The new theatre seats 400 in a single steep rake. There is an open stage with a capacious inner stage (this is where we glimpse the statues). The feeling in the auditorium is airy and "modern," due to the architects' "desire to exhibit the works of the building." Front of house amenities include a capacious bar and a snack-bar.

Misled by a rough pull of the picture of the Citizens Theatre play, I wrongly identified the characters shown in it. They are Steven Dartnell as Calianax and Pierre Brosnan as the King.

Pizza Express, Dean St., W1

Hamilton/Vaché/Masso

by KEVIN HENRIQUES

For four nights last week Pizza Express presented an Anglo-American sextet which ostensibly had no leader but which played the kind of melodic, satisfying, happy jazz which justifiably can be termed timeless. Though all the tunes heard were familiar the musicians' approach to them was anything but predictable or hackneyed. The result on Saturday, the closing night, was three sets of engrossing music played by six instrumentalists of widely varying ages but who all clearly believe in the positive power of swinging.

None more so than pianist Roger Kellaway, an American now staying in London. Whether in his trio features, "All blues" and "All the things you are," or when supporting the front line he was a constant contributor. He offered some delicious rolling chords in "All blues" and a deeply probing solo in "I'm getting sentimental over you" (after some years out of the jazz limelight it is good to know that Roger Kellaway is getting back into it on this side of the Atlantic).

The work of the three other Americans was no less worthy. Little-known trombonist George Masso was the unexpected delight. A dextrous player with a full tone, his solos were prime lessons in construction, consistency and wit. A man of surprises he delivered the rarely-played verse of "Tea for two" before embarking on the melody which he took at a triumphantly effective slow tempo.

Variation in tonal colour and sounds came in generous helpings from Warren Vaché on flugel-horn and cornet. Certainly one of the most audacious of the young brassmen in jazz today, Vaché imbues tunes with wide-ranging textual shades. On Saturday the warmth in the lower register of his flugel, as exemplified in "Poor butterfly," contrasted starkly with his bursting high note work on cornet in "You're driving me crazy" and "Lester leaps in."

Vaché interacted nimbly with his colleagues, notably the youngest member, tenor-saxist Scott Hamilton, with whom he plays frequently. Hamilton, still in his early twenties and perhaps handicapped by being named as Musician of the Year in the 1978 *Jazz Journal International* Poll, is a freak in jazz because, unlike most young saxists, he prefers to play "old-fashioned" melodic rather than avant-garde jazz.

There is obvious warmth as well as a breathy glow in his style which evokes memories of the great past masters of the instrument. On Saturday he took a long time to assert himself, and in fact not until the final set, when he got stuck in to "Stompin' at the Savoy" and "Lester leaps in," did he give any good reason for justifying the lavish praise that has been piled on him.

The Anglo section of the sextet was nobly provided by drummer Allan Ganley and bassist Harvey Weston who, versatile and experienced players that they are, ensured the completeness and efficacy of this outstanding "for-four-nights-only" group.

Elizabeth Hall

Rafael Orozco by ANDREW CLEMENTS

A mixed bag from Mr. Orozco on Sunday afternoon; a Bach partita (the D major) to begin, and Schumann's *Humoreske* to complete the first half; the first book of Albéniz's *Iberia* and two pieces of Liszt in the second. Much fine, unaffected playing and consistently secure technique, but also some moments that were too studied, lacking in vital spontaneity. The Albéniz and Liszt works, however were entirely delightful. The steel-fingered impress of much of Orozco's playing gave way to a crystaline purity for the opening "Evocacion" of *Iberia*, and yielded effectively to the specifically Spanish elements in "Fete-Dieu à Séville." Purity of line distinguished his account of Liszt's *Sonetto No 104 del Petrarca* and much fearsome technique—at times during the recital one wondered whether he is trying to turn himself into one of those austere keyboard technicians—sustained the *Rhapsodie Espagnole*, despite precious little evidence of any convincing *élan*.

In his playing of Bach Mr. Orozco evidently takes after his former teacher Alexis Weissenberg. The clean, uncluttered textures were unfailingly refreshing, but was not the phrasing a little deliberate, the choice tempi too moderate? Allegros and allegrettos were too measured, andantes too swift: the central movements of the Partita passed with little distinction between them. The closing Gigue went quite spiritedly, however, accompanied by Mr. Orozco's *sotto voce* crooning—is a vocal accompaniment *de rigueur* when playing Bach on the piano these days? Serious reservations too concerning his Schumann. Every sound began and ended precisely, with no attempt at tapering and smoothing edges, but there was no matching preciseness of mood, an all-embracing air of forced jollity served each of the sections, and the octave writing of the finale was disastrously unyielding.

Thermo-Skyships lowers sights with £3m cash call

Thermo-Skyships, the Isle of Man aerospace company, is hoping to raise £3.2m through the issue of 2.56m shares at 125p. If successful, the issue will fund the first two stages of a £30.7m programme to assemble the pre-production model of a commercial skyship.

The cash call follows the failure in July this year of a scheme to raise £6.4m through a combination of share and loan stock. The earlier venture received subscriptions from private investors for only 6 per cent of the total required and obtained no institutional backers.

European Ferries has again agreed to subscribe for a substantial portion of the total and has undertaken to apply initially for 400,000 shares and for a further 800,000, in two parts, before February 1981. The subscription price in each case will be 125p per share.

The shares have a 25p nominal value and must be paid in full on application. The minimum subscription is for 200 shares and for multiples of 100 thereafter. The list will open on Thursday this week and close on December 7 but could be extended to December 28. An application to transact specific bargains may be made to the Stock Exchange under Rule 163(2).

Brokers to the issue are John Siddal and Son and Parson and Co. As with the earlier project, managed by brokers Laing and Cruickshank, the issue is not being underwritten.

Mr. John Wilde, of John Siddal, said yesterday that he was quite certain the new issue would be a success. Five institutions (four from Scotland and one from England) have already agreed to back the venture and, according to Mr. Wilde, others are interested. A particular effort is being made to market the scheme, with newspaper advertisements and presentations to analysts. The expenses of the issue will amount to around £45,000.

The managing director of Thermo-Skyships, Mr. Malcolm Wren, said the company is holding talks with the governments of the UK, France and Belgium over financial support for the later stages of the programme. He estimated that a further £6m to £12m will nonetheless be required from investors, though some of this will probably be borne by European Ferries. Mr. Wren added that, if the attempt to raise capital in this country fails, the company might seek investors abroad. A number of large companies in France are keen to provide backing, he said.

See Lex

HIGHLIGHTS

Lex discusses the gloomy comments made in London yesterday by the American monetarist Dr. Henry Kaufman, who is expecting yet further rises in American interest rates. Lex also looks at the latest burst of strength being enjoyed by sterling in the foreign exchange markets and suggests some of the reasons behind the rise. Finally there is a comment on the second attempt by Thermo-Skyships to get off the ground by way of a public issue of capital. On the inside pages there is a comment on the latest figures from MK Electric and Conder comes to market by way of a placing.

Conder Intl. placing at 90p: forecasts big profit rise

Conder International, the Winchester-based steel-framed building mnaufacturer which is coming to the market on Friday by way of an introduction, is valued at £7.4m at the placing price of 90p per share.

The placing, amounting to 1.48m shares of 25p each, represents about 18 per cent of the ordinary shares in issue. No new capital is being raised and the vendors comprise Tube Investments, George Wimpey, Mr. and Mrs. R. T. Cole and their family Trusts and Conder Staff Trusts.

Up to a quarter of the placing shares will be available to the public through brokers.

For the five years to end December, 1978, pre-tax profits have grown from £0.98m to £1.76m. A downturn occurred in 1977, mainly due to increased competition and reduced demand, but there was a full recovery the following year.

First half 1979 profits amounted to £1.24m and the directors have forecast, "not less than £2.4m" for the full year. On this basis they will recommend a dividend total of 7p net, with a final of 4p.

This would be covered almost three times on an expected 10 per cent tax charge or twice on a full tax charge. At the placing price, the prospective fully-taxed p/e is 6.4 (3.4 on the expected tax charge) while the yield is 11.1 per cent. On prospects, Mr. Cole the chairman, says that the group continues to be a market leader for industrial steel framed buildings and the order book "is at a very satisfactory level."

The advantages of the Kingsworthy system—a weatherproof method of construction for multi-storey buildings—are being much more widely recognised, resulting in a large volume and calibre of orders, he adds. "The potential market is very large and we foresee strong growth at home and overseas for this product."

Mr. Cole states that the newer enterprises in the fields of building services, building products and water and effluent treatment plant also provide potential for long-term growth.

The group employs about 2,000 staff who, directly and indirectly, control two-thirds of the company's shares; directors and their families own just over a fifth of the equity while other employees own about 22 per cent individually and, collectively, another 22 per cent through a staff trust.

The placing is being arranged by N. M. Rothschild and Sons. Brokers are W. Greenwell and Co.

● comment

Against difficult trading conditions, Conder's profit record shows steady growth, broken only in 1977 when building orders slumped. Unlike many other construction companies, Conder has no land bank to finance and all its building work is subcontracted out. It also has a healthy cash balance and a strong export content to offset dull conditions in the home market. With a current order book extending to around 20 weeks' work, there should be little trouble in topping the forecast £2.4m by a comfortable margin. Current market conditions have reduced expectations but at the placing price of 90p—a discount of 47 per cent on net assets—the ratings look undemanding. A question mark hovers over 1980 however, given the anticipated cutback in private and local authority spending, although Conder will be able to capitalise on its technical edge in providing a building service for all weather conditions. This improves the longer-term outlook, as does the ability, through a strong balance sheet, to expand by acquisition.

Underwriters left with 58% of Laporte

The £10.6m rights issue by Laporte Industries (Holdings), the chemical manufacturing group, has been accepted as to only 41.8 per cent of the 11.57m new shares offered.

The balance, of 6.7m shares, has been left with the underwriters, S. G. Warburg.

The shares were offered on the basis of one-for-four at 95p on October 23. Since then, Laporte's share price has been steadily falling—it closed at 93p, up 1p, last night.

Cope Sportswear's recent rights issue has been accepted as to 1,548,105 shares (93.65 per cent).

M.Y. Dart announces that 2,420,808 new ordinary shares representing 61.8 per cent of the shares provisionally allotted pursuant to the recent rights issue have been taken up.

Cambrian and General earns and pays more

Revenue of Cambrian and General Securities came out ahead at £297,788 for the year ended September 30, 1979, compared with £271,287. Tax takes £106,029 against £100,809.

And the dividend is increased to 4.35p (3.875p) net per 25p share, with a final of 2.75p.

Gross revenue amounted to £456,831 (£377,877).

Valuation of investments was £5.39m (£5.47m), and the break-up value 121.5p (119.3p) per share.

Stocklake finishes year £0.09m ahead at £1.37m

DESPITE a fall from £689,000 to £399,000 in the second half, taxable profits of Stocklake Holdings, finished the year ended March 31, 1979, ahead at £1.37m, compared with £1.28m. Turnover for the full period rose from £24.23m to £25.68m.

Figures do not include results of the company's Zimbabwe Rhodesian subsidiary.

After the year's tax charge of £617,000 (£663,000) earnings are shown as 17.5p (14.3p) per 25p share. The dividend total is increased to 3.27052p (2.86753p) with a net final of 2.42052p.

Stocklake is an exporter, importer, distributor, steel stockholder, and financier.

At balance date, group fixed assets stood at £1.75m (£1.5m), while net current assets were up from £3m to £3.4m. Bank balance and short-term deposits decreased by £645,205 (£1.02m increase).

Political contributions made by the group during the year totalled £30,000 (nil).

Meeting, Edinburgh, December 6 at noon.

Hill Thomson recovers well to top £2.3m

Hill, Thomson and Company, the blending and bottling subsidiary of Glenlivet Distillers, recovered from losses of £142,000 to a £2.32m profit in the year ended July 31, 1979. Turnover jumped by £7m to £13.01m.

Tax takes £893,000 (£343,000 credit) giving earnings per share of 31.09p compared with 4.39p previously.

Tax revision for N. British Properties

Following the publication of North British Properties' preliminary results on November 2, the directors announce a change in the tax charge.

The figure of £376,000 then shown was computed after crediting £250,000 in respect of prior year tax adjustments relating to one of the French subsidiaries of Bellway Holdings, whose property investment and development interests were acquired by North British in May 1979.

The directors have now decided that in the circumstances of the new group it is more appropriate to show this tax credit as an extraordinary item. As a result, the audited accounts will show the charge for tax as £626,000 and profit after tax but before extraordinary items as £525,000 instead of £774,000.

Stated earnings per 25p share are accordingly shown as 4.05p instead of 5.97p.

Keen competition for J. Smart

J. Smart and Co. (Contractors) is obtaining a fair share of the contract available but it is quite clear that the keenly competitive conditions in the sector will continue for some time, says Mr. J. Smart, chairman, in his annual statement.

The board is actively pursuing the acquisition of further ground and property for development, he adds.

As reported on October 25, pre-tax profits were £1.27m (£1.29m) in the year to July 31, 1979, in line with the interim forecast. The net total dividend is being lifted to 2.75p (2.027812p).

Rotaprint ahead midterm

PRE-TAX PROFITS of Rotaprint, printing and duplicators equipment manufacturer, increased from £115,000 to £128,000 in the 26 weeks to September 29, 1979, on higher sales of £7.06m, against £6.79m.

The net interim dividend is held at 1.1205p—last year a total of 2.9324p was paid from profits of £525,000.

The half-year profit was struck after interest of £194,000 (£170,000), and was subject to tax of £26,000 (£30,000).

The directors say UK sales were satisfactory, but export performance was disappointing in Africa, and there was no growth in Western Europe. Sales in the Far East and Pacific areas and in Eastern Europe continue to increase.

Sheffield Refreshment interim up

From turnover of £593,620 against £562,003, pre-tax profits of Sheffield Refreshment Houses amounted to £75,186 in the six months ended September 30, 1979, compared with £86,420 in the same period last year.

The interim dividend is lifted from 0.67p to 0.7p—the total last year amounted to 2.29p from pre-tax profits of £220,000.

(Profits are after £11,000 (£15,000) transfer of provision for repairs and renewals and interest of £11,895 against £12,293. Tax charge is £33,100 (£42,500).

BRAZIL

Nov. 19	Price Cruz	+ or −
Acesita	1.55	−0.07
Banco Brasil	2.47	−0.03
Banco Itau	1.43	
Belgo. Min.	2.24	+0.04
Lojas Amer.	2.45	−0.04
Petrobras PP	1.68	−0.05
Pirelli	1.52	+0.02
Souza Cruz	3.40	−0.05
Unip PE	5.95	−0.15
Vale Rio Doce	2.91	+0.08

Turnover: Cr.216.8m. Volume: 88.5m.
Source: Rio de Janeiro SE.

SPAIN

1979 High	Low	Nov. 16	Price %
141	100	Asland	102
310	200	Banco Bilbao	203
353	208	Banco Central	203
290	248	Banco Exterior	250
266	201	Banco Hispano	202
174	137	Banco Ind. Cat.	137
213	180	Banco Madrid	180
348	203	Banco Santander	206
290	202	Banco Urquijo	206
285	204	Banco Vizcaya	224
261	200	Banco Zaragoza	200
220	102	Dragados	102
59	50	Espanola Zinc	50
67	48	Fecsa	59.7
78	35	Gal. Preciados	37.5
77.5	52.75	Hidrola	65
78	52	Iberduero	59.7
178	120.5	Petroleos	120.5
138	78	Petroliber	78
130	122	Sogefisa	122
92	50	Telefonica	60
69.7	55	Union Elect.	66.7

IN BRIEF

ARTHUR BELL AND SONS (Scotch whisky distiller)—Results reported October 27 in full preliminary statement with prospects. Group fixed assets £24.03m (£20.61m). Current assets £86.84 (£59.9m), including debtors £33.97m (£17.34m). Current liabilities £38.09m (£19.91m), including bank overdrafts £12.66m (£2.12m). Meeting, Station Hotel, Perth, December 7, 12.15 pm.

CEDAR INVESTMENT TRUST—Results for year to September 30, 1979, with comments on prospects already reported. Investments, £33.19m (£33m). Current assets, £1.47m (£1.54m), and liabilities, £985,404 (£1.15m). Meeting, 77 London Wall, EC, December 11 at noon.

LAKE AND ELLIOT (steel castings)—Results for year ended July 31, 1979, already reported. Fixed assets £4.9m (£4.7m). Net current assets £8.8m (£8.1m). Chairman says order books remain steady and group continues to seek new markets and opportunities at home and overseas. Meeting, Waldorf Hotel, WC, December 14 at noon.

MARTONAIR INTERNATIONAL (pneumatic control equipment)—Results for year to July 31, 1979, already reported. Fixed assets, £5.7m (£5.5m). Net current assets, £20.2m (£18.3m). Chairman says good start made to current year. Unrealistic to expect similar growth to 1978-79 but he is hopeful there will be further increases in turnover and profits. Meeting, Connaught Rooms, W.C., December 13 at noon.

F. W. THORPE (maker of Thorlux lighting equipment)—Results for year ended June 30, 1979, reported October 26. Fixed assets £509,415 (£461,294). Net current assets £2.7m (£2.15m). Chairman says home and export order book is satisfactory and gives directors reason to be optimistic for current year. Meeting, Birmingham, December 13, 3.15 pm.

MK Electric first half profits dip to £3.6m

HIGHER INTEREST charges have trimmed pre-tax profits at MK Electric Holdings from £3.9m to £3.6m for the 26 weeks to September 29, 1979.

After a lower tax charge net profits came out 5.9 per cent higher at £3.1m against £2.9m and stated earnings per share are up from 18.91p to 20.05p.

To reduce disparity, the interim dividend is raised from 3.3p to 5p—the previous total was 12p from pre-tax profits of £8.34m.

	26 weeks 1979 £000	1978 £000
Turnover	30,785	28,083
Trading profit*	4,039	3,989
Interest paid	335	61
Profit before tax	3,646	3,882
Tax	547	995
Net profit	3,099	2,887
Minorities	48	21
Dividends	761	502

* After deduction of associates' losses in Kuwait, £91,000 (£50,000).

Mr. David Robertson, chairman, states that higher costs, principally interest and wages, reduced pre-tax margins at the main operating subsidiary, although Ega and Insulators both succeeded in absorbing these costs.

He confirms that the warnings he gave about prospects both in the last annual report and at the AGM in August have proved well justified by events; there are now clear indications of declining volumes of business in the home market, as well as the prospect of higher interest rates.

He also notes, however, that exports and overseas operations are continuing to replace some of the declining home market.

Mr. Robertson remains confident that the group's continued development in the field of electronic technology provides good prospects for profits growth over the longer term, as well as for secure employment.

● comment

With its 55 per cent share of the UK market in mains electrical wiring accessories, MK Electric must be viewed as a mature company which is nearing the limits of traditional growth. Flat demand at home, quadrupled interest charges (based on a sharp rise in shortterm borrowings from £2m at year end to about £7m) and a 15 per cent hike in wage costs all contributed to the slight decline in pre-tax profits. The Kuwaiti interest is in loss (£91,000) and may stay in loss for the full year, but the group is making determined efforts to diversify in the UK and expand overseas. The Ega (plastic conduits) business and Superswitch (time switches) projects are going well and foreign business (about 23 per cent of the group) is healthy. The full year figures should reflect first half difficulties, with around £7.5m likely, against £8.3m last year. This suggests a fully taxed p/e of 7.7, while the historic yield could be a prospective 9.8 per cent at 183p, down 7p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cambrian and Gen.		2.75	Dec. 18	2.38	4.35	3.88
Elswick-Hopper	int.	0.52	Feb. 1	0.45	—	1.0
MK Electric	int.	5‡	Jan. 11	3.3	—	12
Ocean Wilsons	int.	1	Jan. 4	1	—	3.5
Rotaprint	int.	1.12	Feb. 13	1.12	—	2.93
Sheffield Refresh.	int.	0.7	Jan. 10	0.67	—	2.29
Stocklake		2.42	Dec. 18	2.12	3.27	2.87
Town Centre		1	Jan. 4	0.61*	1	0.61*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

77 companies being wound up

Orders for the compulsory winding up of 77 companies have been made by Mr. Justice Oliver in the High Court. They were:

Nationwide Leasing (Auto), Copysavers (Copiers), Tramar Services (formerly Mansert Shipping), Dukebury, Garlant Moran, Homeric Marine Services, Inter County Security Services, Crowforest.

Pika Products (Electronics), Insignia Distributors (Wholesale), Wesleyjay, Jerose Finance, Cascliff, Blikmass, Relf and Son (Builders).

Gomersall and Humphreys, H. F. Adams and Company, E. H. McBride, Fresjak, St. Mewan Estates Company, At OK Pictures, Abyreuth Shipping Company, A. E. Harris (Contractors).

Barkoland Investments, B. J. Lazell and Son, Jim Tracey and Sons, Joseph Robinson and Company (Drapery Warehousemen), Praise Properties, Severn Applecross, Stonering, Martyn Laugharne, Pez Espada.

Vintage Marmalade, Fordene, Red Bridge Garage, Childlike, Kensington Gowns, Villastrong, Jeffrey, Hearn.

Masterace Builders, M. and N. Flanders (Transport), Moonbury Building Company, Jerose Property, Oprim Sales, Kent Bros. (Smithfield), David Osler Process.

Leander and Glossop, E. M. Wood (Contractors), B. G. Davie Haulage Contractors, Claire Handbags, Hynds Security Specialists (London), Hambur Furnishings, Wrenpine, Queens Gardens Hotel.

Rowntree Smith and Rowntree, Mercer-Grant, Henry Solomons, Cyplon Constructions, McShane Construction (Teesside), Pastafern, Peter Neil Heating, Helices.

Centillan, Batley Variety Club, Fenny Boat Builders, Hypabond, Chevalier Bros. (International) Transport, 259/266 Vauxhall Bridge Road, Roleen Furnishers.

Millard Scaffolding Services, Renaport, Midmanor, Bluecoat Caterers, Boyce (Building Contractors), Galstar, Farnborough Town Football Club, Hawkes Hayward Investments.

A compulsory winding up order made on November 12 again C.A.C. (Mechanical Services) was rescinded, and the petition adjourned for 14 days to allow the company to prepare a scheme of arrangement.

Curricular confusion in state schools

BY MICHAEL DIXON, Education Correspondent

CTURE A UK taxpayer stand- 'with both arms outstretched. ie left hand rests on the head a child. The right hand is ying out the adult's contribu- n towards the State education rvice, which this year will count for about 13.5 per cent total British public expendi- e of roughly £72bn.

Of the educational money wing from the right hand; £67 every £100 will go by way of ntral taxes to the Treasury. the £67, some £15.50 will to the central Department Education and Science which ll allocate it to universities d other centrally funded tivities such as scientific search, the arts, and libraries. e remaining £51.50 will be ssed on by central Govern- nt for spending by the local ucation authorities, of which ere are 105 in England and les.

These authorities will also lect directly through their al rates the other £33 from right hand. Thus, of each 00 of the total educational ntribution, the local educa- n authorities (LEAs) will ve charge of the spending of out £84.50.

Provided the LEAs fulfil their oadly defined duty to make equate educational provision the children in their area, is up to each local authority decide how its funds should distributed. The central ucation Department and its esiding Secretary of State and nior Ministers have no wer to direct that parts of the nds should be spent on speci- activities, except the removal air-raid shelters and similar fence works from educational emises.

Even so the LEAs, which are alous of their financial auto- my, usually spend about £48 the £84.50 on teaching nor- ally able children in some ,000 State schools. About ,000 of these are primary hools, and the rest provide secondary — education — succes- sive stages which must be attended by all youngsters for at least the 11 years between the ages of five and 16.

While central Government and local authorities thus con- trol the collection and spending of the money from the tax- payer's right hand, however, they exercise no responsibility for what benefits by way of lessons learnt return to the child on the taxpayer's left. Which skills and subjects are taught to pupils, and by what methods, are almost entirely left to be determined by the half million school heads and teachers who constitute the United Kingdom's State school- teaching force. A small element of religious education, which is defined only loosely, is all that is legally prescribed for inclu- sion in the teaching day of approximately five hours. Other- wise, each child may be tutored according to the professional judgment of the school's teachers, even though their judg- ment is not watched over by a professional body on the lines of the British Medical Associa- tion.

Opposing views

For at least a decade there has been growing evidence of a difference of opinion about what schools should teach—or, in other words, their curricula— between the teachers who supply schooling, and parents and em- ployers who in their various ways both finance and consume it.

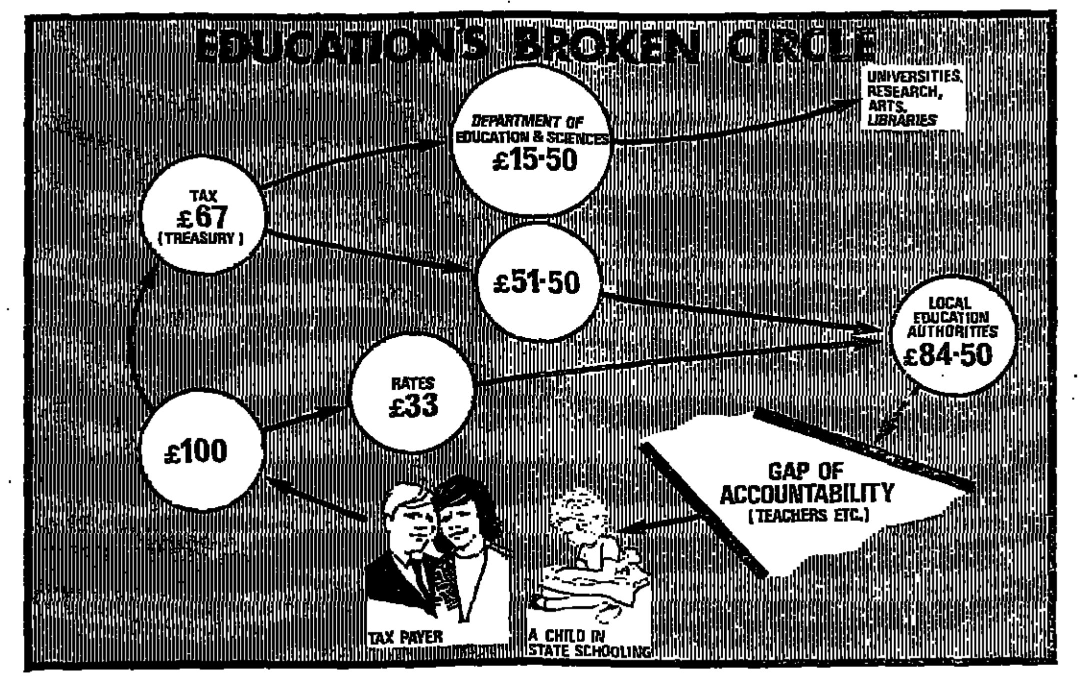
Studies made in the late 1960s of people's views on the pur- poses of education showed, for instance, that parents con- sidered it almost of the first importance that schools should equip pupils for working life. But such preparation was placed low on the teachers' ranking of the purposes for which schools exist.

More recently the difference of opinion has grown into wide- spread complaint by employers as well as parents that many children are emerging from 11 or more years of education deficient in even the basic skills of literacy and numeracy required for the conduct of adult life. By 1976 the com- plaint was such that Mr. James Callaghan, then Prime Minister, identified it as an important issue for the next general elec- tion. He thereupon launched the Labour Government's "Great Debate on Education," making it the responsibility of Mrs. Shirley Williams as Secretary for Education and Science.

Among her proposals was that all State schools should include in their curricula a "common core" of basic studies.

This represented an unpre- cedented intrusion into an area which, in spite of its central importance to those who finance and consume education, has long been regarded by teachers as their sole preserve. Mrs. Williams emphasised that her curricula proposals would stop well short of detailed prescrip- tion of what schools should teach and how. But the intrusion was and still is opposed by teachers' unions. The largest, the National Union of Teachers, refused any co-operation with the curricular scheme.

Since the unions effectively hold the gap where the circle of official accountability for education breaks down — the gap between the allocating of the money from the tax payer and the delivery of benefits to the child — Mrs. Williams' only recourse was to the local education authorities. She asked them to examine and report on the arrangements for curricula in the schools for which the LEAs are responsible. In spite of union resistance, all but one of the 105 English and Welsh authorities did so. The sole exception was Kingston-upon- Thames which, when the survey was requested two years ago, was at daggers drawn with the Labour Government over the authority's determination to preserve its grammar schools.



Meanwhile responsibility for education passed to Mr. Mark Carlisle, the Conservative Secretary of State, and Lady Young, the Minister of State for schools. Although differing from their predecessors in cutting the public funding of education, the new Ministers seem at least equally keen to establish a core curriculum, which they prefer to term "a national framework." And the result of the survey, published last week, strongly supports their plan.

The survey shows that only one in five of the LEAs systematically collected informa- tion on what was taught in their areas. Often such inquiries were confined to the upper forms of secondary schools. Even on religious education — the sole prescribed curricular element — few LEAs had systems for gathering information. Few issued policy statements on subjects to be covered. Most of them evidently left the develop- ment of curricula to a virtually leaderless "interaction" among the interested parties.

Adult needs

On the teaching of literacy, the official report on the survey emphasises "a continuing need" to extend good practice and to help children to meet the needs of adult life.

On numeracy, the report calls for continued effort to equip school-leavers with the mathe- matical skills needed by the working world, even though two- thirds of the LEAs said they had arrangements for consulting industrial and commercial employers about maths syllabuses. Some authorities, however, still emphasised that it was "not the function" of schools to provide vocational courses.

Teaching of foreign languages seemed particularly subject to lack of coherent practices from school to school, and area to area. The report urges greater co-ordination, not least to pro- tect commercially important languages such as German and Spanish from further concentra- tion on the already dominant French language.

Continuation of some form of science study to the age of 16 was encouraged by fewer than half the LEAs. The report says that authorities should issue better guidance to schools cover- ing, among other things, the relationship between school science and industrial processes.

Preparation for working life also seemed poorly developed. Fewer than a third of the LEAs encouraged schools to join in the national schemes of intro- duction to the industrial world which have arisen from the Labour Government's "Great Debate." Careers education starting at age 13-plus was encouraged by two-thirds, half of which expected it to continue into the sixth form. But fewer than one in six advised schools to specify careers work in their timetable. Others commented that such work, like teaching on health, morality and society, tended to be concentrated on the less academically able.

In general, therefore, the curriculum — which officials informally term "the secret garden" — consists largely of entangled growths whose nature, in many instances, is unknown to the authorities supposedly in charge of educa- tion. Ministers will accordingly seek to instill greater order by publishing, at the new year, further proposals for discussion with the interested parties. The aim is to procure general agree- ment on a group of subjects, the ground they are to cover, and the time to be spent on them, as a framework for the curricula of all State schools.

The most likely framework seems to be English, maths, at least the elements of science, a foreign language, and some form of moral study.

This need not be the "detailed control" which was abhorred by most of the LEAs surveyed, and they may well prove amenable. But the National Union of Teachers still objects that the proposal would undermine school staff's professional freedom to cater for the individual needs of each pupil. Other unions, while less intractable, insist that the development would need extra funds, of which the Govern- ment says none is available. In the end, therefore, the frame- work might have to be imposed by legislation, which Ministers have been careful not to rule out.

Legal imposition, however, could not by itself achieve the effective teaching of the frame- work. The survey makes clear that tuition in maths, science, foreign languages, and craft and design is severely limited by lack of appropriately trained staff.

These shortages might be overcome partly by diverting more of the reduced expendi- ture on education to the re- training of surplus teachers from other subjects. But the Government has no power to direct LEAs to use their money in this way, and any attempt to take such power would be fiercely resisted.

In demand

In addition, it is hard to recruit new teachers in the "shortage subjects" because people with such skills are in demand on the general employ- ment market. Effectively higher salaries might be offered to them, by starting them at a point some way up the teachers' general pay scales. But the result could well be to hasten the recruits' promotion to senior positions where the work is largely administrative. An alternative might be special allowances, independent of the normal pay structure, to people teaching "shortage subjects." This again, however, would require extra funds.

The Government's best step towards establishing the frame- work would therefore probably be to do a little generous recalculating of its public expenditure plans, so that Education Ministers might open the new year's negotiations with a few extra millions to offer as a specific incentive.

Letters to the Editor

Awake and at work

rom Dr. T. Rickards

Sir,—There is an ironic tale out Kettering of General otors in his attempts some ırs ago to introduce paint raying instead of the tradi- nal brush methods for paint- car bodies. Everyone ught such an idea impos- le. The most emphatic ections came from the erts in the industry. He ntually proved his point and luced the time taken to paint ar from 17 days to a couple hours.

it can be argued that eativity is most needed and st found when industrial ations break down. There is icious circle in which willing- ss to find "win/win" out- nes is not present. Each side tters away in a vicious circle half truths (final offers, pper bottomed guarantees) ading to even more mutual strust. The recent Leyland meo illustrates this point. ght shift workers found that oduction could be speeded up nen car body panels are oked in pairs prior to spray- g. The negative way of look- g at this is to see it as a each of regulations, and a ssible safety risk. The posi- ve way is to recognise an portunity for improved pro- ctivity. A technical group cluding some of the night orkers (who have already emonstrated a capacity for aginative thought and action) ight well improve on the idea, aking it safe if needs be. In milar consultative vein a joint vestigatory group could also ok at the implications of the lea for productivity and wards.

Idealistic and impractical? ot for some organisations who a matter of policy seize on ery such opportunity for par- cipatory problem-solving. Such ms tend to have, as a conse- ence, sane industrial rela- ons, and no doubt would have me up with actions which ould have been preferable to e fate ultimately handed out the 15 Leyland nightworkers.

I believe that there are count- ss opportunities for positive d imaginative action that are ing lost in industry as a eneral mood of despondency ttles over the workplaces of is country. Those who believe othing can be done are think- g themselves into a self-ful- lling and miserable decline. his fate will befall what will ventually be seen as the two nacceptable faces of indusrtial lations; unimaginative labour nd management representa- ves who will have failed to eek mutual benefits through oint problem-solving.

Dr.) Tudor Rickards.
lancheser Business School,
niversity of Manchester.
ooth Street West,
lanchester.

Second class citizens

rom Mr. I. Sutherland

Sir,—Your leader of Novem- er 15 is excellent. You are uite right when you refer to e discriminatory and ignomin- us treatment that the Home ecretary proposes for women ho were born outside the nited Kingdom because their parents so happened to be abroad. These women are to be granted a hearing and their proposed husbands vetted. By whom? The Home Secretary himself or an anonymous cog in the bureaucratic wheel?

The discrimination goes even further, for if the parents so happened to have been abroad employed in the public sector, then the proposed rules are to be waived. For the private sec- tor however it will be necessary to seek a hearing. I would ask the Home Secretary why he sees fit to distinguish between those employed by Her Majesty's Government and those other- wise employed. Those who have contributed so much to the for- tunes of this country are to be penalised in a most outrageous manner which is totally un- acceptable and has no bearing on the problem our rulers are trying to solve.

Ian Sutherland.
Hankley House,
Tilford, Surrey.

Modern language teaching

From Professor H. Rée

Sir,—For you to write so con- fidently and uncritically (November 15) on the subject of the state school curriculum could be compared with me writing confidently about the effect of abolishing exchange control on the equity market. But on such a subject I would not display my ignorance in public.

I confine myself to comment- ing on your acceptance of Baroness Young's suggestion that a modern language should be taught for five years to all children. For the past four years I have been teaching French and German in a Hackney comprehensive school, and from this base I have given great thought to the problems of language teaching in this country, and I have no hesita- tion in opposing the suggestion of including it in the compulsory five year curriculum for all children, with all the force I can muster.

It would take a longer letter than you would care to print to explain the reasons for this. I would only plead that, because there is so much to be said, and to be thought about, on the subject, you need to be better informed before you write on it again.

(Professor) Harry A. Rée.
60, Muswell Hill Road, N10.

Cost-effective research

From Dr. R. Ballard.

Sir, — Professor Tedgold (November 14) has omitted one important aspect of the difference between University and industrial research which has significant bearing on the comparison of cost effectiveness.

The difference to which I refer is the aims of the research work. Research fellows and in particular students, more often than not, have little or no industrial experience. The objective of their work is not the develop- ment of a new product or pro- cess but the attainment of higher degrees or the publish- ing of research papers. In Universities the name of the research game is published work; in industry the name of the game is profits.

A university research worker need have no ultimate objective, in terms of the results of his research work and, indeed, the direction of the work can change from month to month or week to week with no effect on anyone. Provided sufficient work is carried out the higher degree will be awarded or the paper published. There is no consider- ation of cost effectiveness what- ever.

An industrial research worker will have his obectives set for him and almost always that objective must be met within strict budget limits. If the objectives are not met then someone must answer for it. On this basis there is control over cost effectiveness.

As one who has been involved in University research and private industrial research I am quite sure that although univer- sity research has great value it can never be cost effective and we should never try to judge it on this basis. On the other hand, industrial research can be cost effective and must always be judged on this basis. If it is not so judged then it will run the risk of being dismissed by man- agement with the penalty for Britain that our ideas are generated but not put into practice.

Dr. R. L. Ballard.
Pendar Technical Associates,
Hamp Industrial Estate,
Old Taunton Road, Bridgwater.

Accepting cuts

From Mr. A. Braley

Sir,—With respect, I feel that Professor Tredgold (November 14) has gone off at a tangent from my simple argument, a circumstance perhaps reflected by your changed headline. I did not say that universities are not cost-effective, neither had I specifically in mind their scien- tific side or research activities, about which I know next to nothing.

My main point was that, like many other desirable things, they depend largely on subven- tion from a national earned economic surplus; that though we may differ as to the reasons, we can scarcely contest the fact that the surplus cannot now sup- port all the demands made on it, hence cuts are needed and have been decreed by Government; and finally that educated people should be among the first to recognise this situation and ad- just to it in the national inter- est, rather than reacting as just one more pressure group.

Sir, your main headline on the day Professor Tredgold's letter was published was: "Gloomy Treasury forecasts 1 per cent-2 per cent fall in econ- omic activity." Against such a background, does not prudence suggest a careful reassessment of priorities—followed by action?

A. Braley,
93 London Road,
Knebworth, Hertfordshire.

Take an axe to CTT

From Mr. D. Tallon

Sir,—Mr. Milne (November 15) argues a very large general thesis on a very small particular point. While the position of potential capital transfer tax evaders might seem to be helped by the abolition of exchange controls, I would suggest that nothing very serious has hap- pened in practice. Mainly this is because CTT is a tax which can be used administratively against either donors or donees. There never has been any effec- tive way to prevent the avoid- ance of CTT by emigration. The most that has been done is to incorporate some sections of administration to prevent emi- gration being used in "death- bed" cases. A three-year period of residence abroad has not been a huge deterrent to the would-be avoider.

Of course, Mr. Milne's use of the abolition of exchange con- trols only thinly disguises an antipathy towards the tax itself. While nobody likes taxation, least of all taxation which in- corporates punitive rates, it seems naive to expect the dis- mantling of capital transfer tax in the present climate.

When Mrs. Thatcher made the commitment to abolish CTT in the debates on the original Finance Act, 1975, her reaction was thought by many to have been ill judged in view of the fact that her party at that time had no effective substitute worked out, and it still does not.

Nevertheless, she has some measure of political right for disliking the initial legislation. It was mean-minded on several counts, of which two stood out at the time; the rates of tax and thresholds and the total absence of any real relief for dealing with non-realisable assets. Much has been done in regard to the second of these by the introduc- tion of what is now the business assets relief and little has been done in regard to the rates and thresholds.

It was in this second area that the government of the day, fully supported by the Inland Revenue, so misled Parliament and public. There were well- trumpeted comparisons of the rates with the rates ruling for Estate Duty. The deception was breathtaking, even for Mr. Healey, when one considered how frequently Estate Duty was branded as a voluntary tax (quite correctly, of course). There is every reason to take the same axe to the rates of CTT as Sir Geoffrey Howe has taken to the rates of income tax; and I hope he will.

The main technical reason, given that some kind of capital tax is bound to be with us for political reasons, why Mrs. Thatcher was much too hasty in 1975 was that, for all its warts, capital transfer tax is technic- ally a well constructed tax.

There are, indeed, many points of detail, including further relief in certain areas, which should be dealt with and it is bitterly disappointing that the "review" of capital taxa- tion is taking place behind closed doors. The Treasury Bench is no doubt technically much more competent than any we have seen since before 1965, when the flood gates of tax legislation were opened for the benefit of the tax avoidance industry only, but they can be no substitute in dealing with the civil servants who have such a vested interest in maintaining the status quo, for open debate and informed submissions from lawyers, accountants and other representative bodies.

D. S. Tallon.
Dearden Farrow,
1, Serjeants' Inn, EC4.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher concludes talks with President Giscard d'Estaing of France— the President lunches with the Queen at Buckingham Palace.

Mr. James Prior, Employment Secretary, opens two-day Finan- cial Times conference on "Indus- trial relations—establishing a framework for the 1980s."

Lord Hinton speaks at Insti- tution of Mining and Metallurgy two-day national symposium on availability of strategic minerals, *London.*

Sir Bernard Scott, Lucas Indus- tries chairman, speaks at first annual dinner of French Cham- ber of Commerce Midlands section.

National Federation of Self- Employed and Small Businesses' case against Inland Revenue opens in High Court.

National Farmers Union state- ment on energy crisis and apple situation.

Dr. David Owen speaks at Royal Commonwealth Society meeting, London.

Electronic '79 Show opens, *Olympia (until November 23).*

Overseas: Two-day Financial Times conference on air trans- port in the developing world Singapore.

EEC Foreign Ministers meet in Brussels.

Tenth Arab League Heads of State summit meeting starts in Tunis.

OFFICIAL STATISTICS

Department of Employment publishes November provisional figures for unemployment and unfilled vacancies. Department of the Environment gives details of new construction orders for September.

PARLIAMENTARY BUSINESS

House of Commons: British Aerospace Bill, second reading. Charging Orders Bill.

House of Lords: Bail (Scot- land) Bill, committee. Hypnotism Bill, committee. Short debate on energy programme and nuclear industry.

Select Committee: Parliamen- tary Commissioner for Adminis- tration. Witnesses: Commissioner for Local Administration in Wales. Commissioner for Local Administration in Scotland. Room 6, 5 pm.

COMPANY MEETINGS

Footwear Industries Invest- ments, Winchester House, Old Broad Street, EC, 12. Rediffusion TV, Stratton House, Piccadilly, W, 10.30. Charles Sharpe, Boston Road, Sleaford, Lincs., 12.

Thermo-Skyships lowers sights with £3m cash call

Thermo-Skyships, the Isle of Man aerospace company, is hoping to raise £3.2m through the issue of 2.56m shares at 125p. If successful, the issue will fund the first two stages of a £30.7m programme to assemble the pre-production model of a commercial skyship.

The cash call follows the failure in July this year of a scheme to raise £6.4m through a combination of share and loan stock. The earlier venture received subscriptions from private investors for only 6 per cent of the total required and obtained no institutional backers.

European Ferries has again agreed to subscribe for a substantial portion of the total and has undertaken to apply initially for 400,000 shares and for a further 800,000, in two parts, before February 1981. The subscription price in each case will be 125p per share.

The shares have a 25p nominal value and must be paid in full on application. The minimum subscription is for 200 shares and for multiples of 100 thereafter. The list will open on Thursday this week and close on December 7 but could be extended to December 28. An application to transact specific bargains may be made to the Stock Exchange under Rule 163(2).

Brokers to the issue are John Siddal and Son and Parson and Co. As with the earlier project, managed by brokers Laing and Cruickshank, the issue is not being underwritten.

Mr. John Wilde, of John Siddal, said yesterday that he was certain the new issue would be a success. Five institutions (four from Scotland and one from England) have already agreed to back the venture and, according to Mr. Wilde, others are interested. A particular effort is being made to market the scheme, with newspaper advertisements and presentations to analysts. The expenses of the issue will amount to around £45,000.

The managing director of Thermo-Skyships, Mr. Malcolm Wren, said the company is holding talks with the governments of the UK, France and Belgium over financial support for the later stages of the programme. He estimated that a further £6m to £12m will nonetheless be required from investors, though some of this will probably be borne by European Ferries. Mr. Wren added that, if the attempt to raise capital in this country fails, the company may seek investors abroad. A number of large companies in France are keen to provide backing, he said.

See Lex

Conder Intl. placing at 90p: forecasts big profit rise

Conder International, the Winchester-based steel-framed building manufacturer which is coming to the market on Friday by way of an introduction, is valued at £7.4m at the placing price of 90p per share.

The placing, amounting to 1.48m shares of 25p each, represents about 18 per cent of the ordinary shares in issue. No new capital is being raised and the vendors comprise Tube Investments, George Wimpey, Mr. and Mrs. R. T. Cole and their family Trusts and Conder Staff Trusts.

Up to a quarter of the placing shares will be available to the public through brokers.

For the five years to end December, 1978, pre-tax profits have grown from £0.98m to £1.76m. A downturn occurred in 1977, mainly due to increased competition and reduced demand, but there was a full recovery the following year.

First half 1979 profits amounted to £1.24m and the directors have forecast "not less than £2.4m" for the full year. On this basis they will recommend a dividend total of 7p net, with a final of 4p.

This would be covered almost three times on an expected 10 per cent tax charge or twice on a full tax charge. At the placing price, the prospective fully-taxed p/e is 6.4 (3.4 on the expected tax charge) while the yield is 11.1 per cent. On prospects, Mr. Cole the chairman, says that the group continues to be a market leader for industrial steel framed buildings and the order book "is at a very satisfactory level."

The advantages of the Kingsworthy system—a weatherproof method of construction for multi-storey buildings—are being much more widely recognised, resulting in a large volume and calibre of orders, he adds. "The potential market is very large and we foresee strong growth at home and overseas for this product."

Mr. Cole states that the newer enterprises in the fields of building services, building products and water and effluent treatment plant also provide potential for long-term growth.

The group employs about 2,000 staff who, directly and indirectly, control two-thirds of the company's shares; directors and their families own just over a fifth of the equity while other employees own about 22 per cent individually and, collectively, another 22 per cent through a staff trust.

The placing is being arranged by N. M. Rothschild and Sons. Brokers are W. Greenwell and Co.

● comment

Against difficult trading conditions, Conder's profit record shows steady growth, broken only in 1977 when building orders slumped. Unlike many other construction companies, Conder has no land bank to finance and all its building work is subcontracted out. It also has a healthy cash balance and a strong export content to offset dull conditions in the home market. With a current order book extending to around 20 weeks' work, there should be little trouble in topping the forecast £2.4m by a comfortable margin. Current market conditions have reduced expectations but at the placing price of 90p—a discount of 47 per cent on net assets—the ratings look undemanding. A question mark hovers over 1980 however, given the anticipated cutback in private and local authority spending, although Conder will be able to capitalise on its technical edge in providing a building service for all weather conditions. This improves the longer-term outlook, as does the ability, through a strong balance sheet, to expand by acquisition.

Underwriters left with 58% of Laporte

The £10.6m rights issue by Laporte Industries (Holdings), the chemical manufacturing group, has been accepted as to only 41.8 per cent of the 11.57m new shares offered.

The balance, of 6.7m shares, has been left with the underwriters, S. G. Warburg.

The shares were offered on the basis of one-for-four at 95p on October 23. Since then, Laporte's share price has been steadily falling—it closed at 93p, up 1p, last night.

Cope Sportswear's recent rights issue has been accepted as to 1,548,105 shares (93.65 per cent).

M.Y. Dart announces that 2,420,806 new ordinary shares representing 81.8 per cent of the shares provisionally allotted pursuant to the recent rights issue have been taken up.

Cambrian and General earns and pays more

Revenue of Cambrian and General Securities came out ahead at £297,788 for the year ended September 30, 1979, compared with £271,287. Tax takes £106,029 against £100,809.

And the dividend is increased to 4.35p (3.875p) net per 25p share, with a final of 2.75p.

Gross revenue amounted to £456,831 (£377,877).

Valuation of investments was £5.39m (£5.47m), and the break-up value 121.5p (119.3p) per share.

HIGHLIGHTS

Lex discusses the gloomy comments made in London yesterday by the American monetarist Dr. Henry Kaufman, who is expecting yet further rises in American interest rates. Lex also looks at the latest burst of strength being enjoyed by sterling in the foreign exchange markets and suggests some of the reasons behind the rise. Finally there is a comment on the second attempt by Thermo-Skyships to get off the ground by way of a public issue of capital. On the inside pages there is a comment on the latest figures from MK Electric and Conder comes to market by way of a placing.

Stocklake finishes year £0.09m ahead at £1.37m

DESPITE a fall from £689,000 to £582,000 in the second half, taxable profits of Stocklake Holdings finished the year ended March 31, 1979, ahead at £1.37m, compared with £1.28m. Turnover for the full period rose from £24.23m to £25.68m.

Figures do not include results of the company's Zimbabwe Rhodesian subsidiary.

After the year's tax charge of £617,000 (£663,000) earnings are shown as 17.5p (14.3p) per share. The dividend total is increased to 3.27053p (2.86753p) with a net final of 2.42052p.

Stocklake is an exporter, importer, distributor, steel stockholder, and financier.

At balance date, group fixed assets stood at £1.75m (£1.5m), while net current assets were up from £3m to £3.4m. Bank balance and short-term deposits decreased by £645,205 (£1.02m increase).

Political contributions made by the group during the year totalled £30,000 (nil).

Meeting, Edinburgh, December 6 at noon.

Hill Thomson recovers well to top £2.3m

Hill, Thomson and Company, the blending and bottling subsidiary of Glenlivet Distillers, recovered from losses of £142,000 to a £2.32m profit in the year ended July 31, 1979. Turnover jumped by £7m to £13.01m.

Tax takes £593,000 (£343,000 credit) giving earnings per share of 31.09p compared with 4.39p previously.

Tax revision for N. British Properties

Following the publication of North British Properties' preliminary results on November 2, the directors announce a change in the tax charge.

The figure of £376,000 then shown was computed after crediting £250,000 in respect of prior year tax adjustments relating to certain of the French subsidiaries of Bellway Holdings, whose property investment and development interests were acquired by North British in May 1979.

The directors have now decided that in the circumstances of the new group it is more appropriate to show this tax credit as an extraordinary item. As a result, the audited accounts will show the charge for tax as £626,000 and profit after tax but before extraordinary items as £525,000 instead of £774,000.

Stated earnings per 25p share are accordingly shown as 4.05p instead of 5.97p.

Keen competition for J. Smart

J. Smart and Co. (Contractors) is obtaining a fair share of the contract available but it is quite clear that the keenly competitive conditions in the sector will continue for some time, says Mr. J. Smart, chairman, in his annual statement.

The board is actively pursuing the aquisition of further ground and property for development, he adds.

As reported on October 25, pre-tax profits were £1.27m (£1.29m) in the year to July 31, 1979, in line with the interim forecast. The net total dividend is being lifted to 2.75p (2.027812p).

IN BRIEF

ARTHUR BELL AND SONS (Scotch whisky distiller) — Results reported October 27 in full preliminary statement with prospects. Group fixed assets £24.03m (£20.61m). Current assets £86.94 (£59.9m), including debtors £33.97m (£17.24m). Current liabilities £38.09m (£19.61m), including bank overdrafts £12.66m (£2.12m). Meeting, Station Hotel, Perth, December 7, 12.15 pm.

CEDAR INVESTMENT TRUST—Results for year to September 30, 1979, with comments on prospects already reported. Investments, £33.16m (£33m). Current assets, £1.47m (£1.54m), and liabilities, £886,404 (£1.15m). Meeting, 77 London Wall, EC, December 11 at noon.

LAKE AND ELLIOT (steel castings)—Results for year ended July 31, 1979, already reported. Fixed assets £4.9m (£4.7m). Net current assets £6.8m (£8.1m). Chairman says order books remain steady and group continues to seek new markets and opportunities at home and overseas. Meeting, Waldorf Hotel, WC, December 14 at noon.

MARTONAIR INTERNATIONAL (pneumatic control equipment—Results for year to July 31, 1979, already reported. Fixed assets, £5.7m (£5.5m). Net current assets, £20.2m (£18.3m). Chairman says good start made to current year. Unrealistic to expect similar growth to 1978-79 but he is hopeful there will be further increases in turnover and profits. Meeting, Connaught Rooms, WC., December 13 at noon.

F. W. THORPE (maker of Thorlux lighting equipment)—Results for year ended June 30, 1979, reported October 26. Fixed assets £506,415 (£461,594). Net current assets £2.7m (£2.15m). Chairman says home and export order book is satisfactory and gives directors reason to be optimistic for current year. Meeting, Birmingham, December 13, 3.15 pm.

Rotaprint ahead midterm

PRE-TAX PROFITS of Rotaprint, printing and duplicators equipment manufacturer, increased from £115,000 to £126,000 in the 26 weeks to September 29, 1979, on higher sales of £7.06m, against £6.79m.

The net interim dividend is held at 1.1205p—last year a total of 2.9324p was paid from profits of £525,000.

The half-year profit was struck after interest of £194,000 (£170,000), and was subject to tax of £26,000 (£30,000).

The directors say UK sales were satisfactory, but export performance was disappointing in Africa, and there was no growth in Western Europe. Sales in the Far East and Pacific areas and in Eastern Europe continue to increase.

Sheffield Refreshment interim up

From turnover of £592,620 against £562,003, pre-tax profits of Sheffield Refreshment Houses amounted to £73,188 in the six months ended September 30, 1979, compared with £86,420 in the same period last year.

The interim dividend is lifted from 0.67p to 0.7p—the total last year amounted to 2.29p from pre-tax profits of £220,000.

(Profits are after £11,000 (£15,000) transfer of provision for repairs and renewals and interest of £11,895 against £12,293. Tax charge is £33,100 (£42,500).

BRAZIL

Nov. 19	Price Cruz	+or−
Acesita	1.55	−0.07
Banco Brasil	2.47	−0.03
Banco Itau	1.43	
Belgo. Min.	2.24	+0.04
Lojas Amer.	2.45	−0.04
Petrobras PP	1.88	*−0.05*
Pirelli	1.52	+0.02
Souza Cruz	3.40	−0.05
Unip PE	5.55	−0.15
Vale Rio Doce	*2.81*	*+0.06*

Turnover: Cr.216.8m. Volume: 88.5m.
Source: Rio de Janeiro SE.

SPAIN

1979 High	1979 Low		Nov. 16 Price %
141	100	Asland	102
310	200	Banco Bilbao	200
353	208	Banco Central	208
290	249	Banco Exterior	250
285	201	Banco Hispano	202
174	137	Banco Ind. Cat.	137
213	190	Banco Madrid	190
348	203	Banco Santander	206
280	202	Banco Urquijo	205
285	204	Banco Vizcaya	204
261	200	Banco Zaragoza	200
220	102	Dragados	102
98	60	Espanola Zinc	60
67	49	Fecsa	59.7
76	35	Gal. Preciados	37.5
77.5	52.75	Hidrola	65
78	52	Iberduero	59.7
178	120.5	Petroleos	120.5
136	76	Petroliber	76
130	122	Sogefisa	122
82	60	Telefonica	60
69.7	55	Union Elect.	66.7

MK Electric first half profits dip to £3.6m

HIGHER INTEREST charges have trimmed pre-tax profits at MK Electric Holdings from £3.9m to £3.6m for the 26 weeks to September 29, 1979.

After a lower tax charge net profits came out 5.9 per cent higher at £3.1m against £2.9m and stated earnings per share are up from 18.91p to 20.05p.

To reduce disparity, the interim dividend is raised from 3.3p to 5p—the previous total was 12p from pre-tax profits of £8.34m.

	28 weeks 1979 £000	1978 £000
Turnover	30,765	25,093
*Trading profit**	4,039	3,989
Interest paid	393	97
Profit before tax	3,646	3,892
Tax	547	995
Net profit	3,099	2,897
Minorities	48	21
Dividends	761	502

* After deduction of associates' losses in Kuwait, £91,000 (£50,000).

Mr. David Robertson, chairman, states that higher costs, principally interest and wages, reduced pre-tax margins at the main operating subsidiary, although Ega and Insulators *both succeeded in absorbing* these costs.

He confirms that the warnings he gave about prospects both in the last annual report and at the AGM in August have proved well justified by events; there are now clear indications of declining volumes of business in the home market, as well as the prospect of higher interest rates.

He also notes, however, that exports and overseas operations are continuing to replace some of the declining home market.

Mr. Robertson remains confident that the group's continued development in the field of electronic technology provides good prospects for profits growth over *the longer term, as well as for* secure employment

● comment

With its 55 per cent share of the UK market in mains electrical wiring accessories, MK Electric must be viewed as a mature company which is nearing the limits of traditional growth. Flat demand at home, quadrupled interest charges (based on a sharp rise in *shortermb-borrowings* from £2m at year end to about £7m) and a 15 per cent hike in wage *costs* all contributed to the slight decline in pre-tax profits. The Kuwaiti interest is in loss (£91,000) and may stay in loss for the full year, but the group is making determined efforts to diversify in the UK and expand *overseas*. The Ega (plastic conduits) business and Superswitch (time switches) *projects* are going well and foreign business (about 23 per cent of the group) is healthy. The full year figures should reflect first half difficulties, with around £7.5m likely, against £8.3m last year. This suggests a fully taxed p/e of *7.7*, while *the historic* yield could be a prospective 9.6 per cent at 183p, down 7p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Cambrian and Gen.	2.75	Dec. 18	2.38	4.35	3.88
Elswick-Hopper int.	0.52	Feb. 1	0.45	—	1.0
MK Electric int.	5‡	Jan. 11	3.3	—	12
Ocean Wilsons int.	1	Jan. 4	1	—	3.5
Rotaprint int.	1.12	Feb. 13	1.12	—	2.93
Sheffield Refresh. int.	0.7	Jan. 10	0.67	—	2.29
Stocklake	2.42	Dec. 18	2.12	3.27	2.87
Town Centre	1	Jan. 4	0.61*	1	0.61*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

77 companies being wound up

Orders for the compulsory winding up of 77 companies have been made by Mr. Justice Oliver in the High Court. They were:

Nationwide Leasing (Auto), Copysavers (Copiers), Tramar Services (formerly Mansert Shipping), Dukebury, Gariant Moran, Homeric Marine Services, Inter County Security Services, Crowforest.

Pika Products (Electronics), Insignia Distributors (Wholesale), Wesleyjay, Jerose Finance, Cascliff, Blikmass, Relf and Son (Builders).

Gomersall and Humphreys, H. F. Adams and Company, E. H. McBride, Fresjak, St. Mewan Estates Company, Al OK Pictures, Abyreuth Shipping Company, A. E. Harris (Contractors).

Barkoland Investments, B. J. Lazell and Son, Jim Tracey and Sons, Joseph Robinson and Company (Drapery Warehousemen), Praise Properties, Severn Applecross, Stonering, Martyn Laugharne, Pez Espada.

Vintage Marmalade, Fordene, Red Bridge Garage, Childlike, Kensington Gowns, Villastrong, Jeffrey, Hearn.

Masterace Builders, M. and N. Flanders (Transport), Moonbury Building Company, Jerose Property, Oprim Sales, Kent Bros. (Smithfield), David Osler Process.

Leander and Glossop, E. M. Wood (Contractors), B. G. Davie Haulage Contractors, Claire Handbags, Hynds Security Specialists (London), Hambur Furnishings, Wrenpine, Queens Gardens Hotel.

Rowntree Smith and Rowntree, Mercer-Grant, Henry Solomons, Cyplon Constructions, McShane Construction (Teesside), Pastafern, Peter Neil Heating, Helices.

Centillan, Batley Variety Club, Fenny Boat Builders, Hypabond, Chevalier Bros. (International) Transport, 250/266 Vauxhall Bridge Road, Roleen Furnishers, Millard Scaffolding Services, Renaport, Midmanor, Bluecoat Caterers, Boyce (Building Contractors), Galstar, Farnborough Town Football Club, Hawkes Hayward Investments.

A compulsory winding up order made on November 12 against C.A.C. (Mechanical Services) was rescinded, and the petition adjourned for 14 days to allow the company to prepare a scheme of arrangement.

MINING NEWS

'Johnnies' should have another good year

BY KENNETH MARSTON, MINING EDITOR

DESPITE the near term world economic uncertainties Johannesburg Consolidated Investment needs to take the longer view and the chairman, Sir Albert Robinson, makes the point in his annual statement that the mining and industrial group's inherent strength "gives us reason to be optimistic about the future."

For the current year to next June, he confirms expectations of further satisfactory progress even if the "extremely favourable" conditions of the first quarter do not persist. Meanwhile, the group's foreign indebtedness has been reduced and liquidity has been strengthened by a R40m (£22.4m) preference share issue.

Of possible new developments, the joint uranium exploration with Randfontein Estates in South Africa's Karoo Basin has led to the start of feasibility studies for a pilot plant and mine. These could pave the way to "a more extensive mining operation," although the uranium orebodies in the area tend to be small and erratic.

"Johnnies" is also re-examining the position of its young Otjihase copper mine in Namibia (South West Africa) which was written off at a total cost of R56m and closed in 1978. Its demise resulted from a combination of low copper prices and technical problems.

It was reckoned that to be viable Otjihase would need a copper price of about £900 per tonne; the metal is currently just under £1,000. Sir Albert says that during the next 12 months there will be a R2m programme of drilling and underground development at Otjihase but the uncertainty surrounding copper prices does not encourage major new production.

The open-pit Shangani nickel mine in Zimbabwe Rhodesia has been doing better and is expected to cover its interest payments in the current year. However, it has "serious financing problems" in the shape of long-term debts and funds needed for the opening up of its underground mine. A capital reconstruction is thus on the cards for Shangani.

At the Randfontein gold-uranium mine a further R25m is expected to be spent in the current calendar year bringing the total expenditure on the expansion programme to R220m. Commenting on the recent shock disclosure of over-optimistic calculations of remaining gold and uranium reserves at the original mine workings, Sir Albert says that Randfontein's 1979 profits are unlikely to be affected and will be above those of last year.

Last year "Johnnies" earned a record R51.1m and paid a dividend of 255 cents which was 2.9 times covered by earnings. With the likelihood of a further increase in the dividend for the current year the shares at £19 to yield 7.5 per cent compare favourably with those of similar mining finance issues.

ROUND-UP

Canada Tungsten Mining, owned by Amax and Dome Mines, has been hurt by lower prices, higher costs and a lower grade of ore milled. Net profits in the first nine months of this year were C$8.9m (£3.5m), compared with C$14.7m in the same period of 1978. But the company expects a better final quarter.

Noranda raises £104m for new expansion

Noranda Mines, the major Canadian natural resources group, has raised C$256m (£104.25m) by the private placement of unissued shares among five companies in its organisation.

The sale is appropriate, Noranda said yesterday, "in the light of the many opportunities for profitable investment presently available."

It also ensures that 23.6 per cent of Noranda's outstanding shares are strongly held. They constitute a strategic stake which would make it difficult for any other group to mount a takeover bid.

Only last month it was disclosed that Brascan, the holding company owned by the Bronfman interests, had built up a 10 per cent stake in Noranda.

The placement of 14m shares was effected at C$19 a share, fractionally above the prevailing market price of C$18.87. The buyer was Zinor Holdings, which is in turn owned by the five Noranda group companies.

These companies are Placer Development with a 36.3 per cent stake in Zinor, Kerr Addison Mines, with a 27.3 per cent interest, Brenda Mines and Brunswick Mining and Smelting, which each hold 13.9 per cent, and Fraser Inc., which owns 8.5 per cent.

Placer and Kerr Addison already had a holding in Noranda. These shares have been put into Zinor, making it the owner of 23.98m Noranda shares, or 23.6 per cent of the issued equity.

For its par tNoranda ha s50.9 per cent of Brenda, 64.7 per cent of Brunswick, 54.9 per cent of Fraser, 43.5 per cent of Kerr Addison and 32.7 per cent of Placer.

From Noranda's point of view the share placement strengthens its balance sheet at the expense of only a minor dilution in earnings per share.

The group has what a spokesman called "a fair debt load." As subsidiaires have cash holdings available, it makes sense to use them, he said. At the end of last year, Noranda's total current liabilities were C$599m.

At the same time, the group is in the throes of expansion. The statement yesterday mentioned Canadian Hunter Exploration, a gas venture in Alberta and British Columbia, as an example of the investment opportunities, but it seems likely the money will be spread more widely.

Among Noranda's current projects are the development of the Lakeshore copper mine in Arizona, expansion of the Bell copper division in British Columbia, work on a base metals mine at Park City, Utah, and a cobalt venture in Idaho.

Still, the expansion is taking place at a time of buoyant earnings. Net profits in the first three-quarters of this year were C$214.6m (£84.1m) compared with C$80.5m in the same period of last year.

Yesterday the group declared a quarterly dividend of 25 cents (9.8p) on its enlarged capital after a recent three-for-one share split. The latest declaration is equal to 75 cents before the shares split. The dividend paid before the split was 70 cents.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.350	1	1	3	2	—	—	F.329.50
AKZ C	F.25	3	2.70	28	3.40	—	—	F.26.40
AKZ C	F.27.50	42	1.20	59	2.20	89	2.60	"
AKZ C	F.30	10	0.40	16	1.20	20	1.40	"
AKZ P	F.27.50	30	1.40	—	—	3	1.60	"
ARB C	F.70	—	—	11	1.90	—	—	F.67.90
BQ C	F.220	5	8	—	—	—	—	F.225
CSF C	Fr.440	2	14	—	—	—	—	F.454
CSF C	Fr.480	—	—	1	12.50	31	2.50	"
HO C	F.25	—	—	—	—	14	1.50	F.24.20
HO C	F.27.50	—	—	—	—	—	—	"
IBM C	$65	—	—	10	4⅛	—	—	$61⅞
IBM C	$70	10	⅛	—	—	—	—	"
KLM C	F.70	25	6.80	5	8.80	—	—	F.74.50
KLM C	F.80	40	1.50	21	3.60	48	4.90	"
KLM C	F.90	20	0.40	11	1.50	1	2.40	"
KLM C	F.100	—	—	11	0.80	—	—	"
KLM C	F.110	5	0.10	4	0.30	—	—	"
KLM P	F.70	90	2.70	1	4.20	4	5	"
KLM P	F.80	10	7.50	12	8.40	—	—	"
KLM P	F.90	—	—	11	16.50	—	—	"
NN C	F.120	1	1.70	16	3.90	—	—	F.114.20
NN C	F.125	29	0.60	—	—	—	—	"
PHI C	F.20	3	2.10	—	—	—	—	F.21.80
PHI C	F.22.50	2	0.60	68	1.30	11	1.60	"
PHI P	F.20	—	—	—	—	5	0.50	"
PHI P	F.22.50	30	1.10	—	—	—	—	"
PRD C	$30	1	1/16	—	—	—	—	$24⅛
RD C	F135	20	19.30	—	—	—	—	F.152.70
RD C	F.140	10	14	1	15	—	—	"
RD C	F.145	5	9.20	—	—	—	—	"
RD C	F.150	226	6.60	26	10.20	1	9.70	"
RD C	F.160	306	2.20	265	4.90	3	5.60	"
RD P	F.135	11	0.40	—	—	—	—	"
RD P	F.140	30	0.80	20	1.60	—	—	"
RD P	F.145	186	1.40	10	2.30	—	—	"
RD P	F.150	109	2.80	26	3.40	—	—	"
RD P	F.160	90	8	10	10	—	—	"
UNI C	F.115	11	3.90	5	6.40	—	—	F.115
UNI C	F.120	5	1.20	1	4	8	4.50	"
UNI C	F.125	2	0.30	2	2.30	8	2.60	"
UNI C	F.130	9	0.40	71	1.20	—	—	"
		Nov.		Feb.		May		
BA C	$40	1	4⅝	—	—	—	—	$42
SLB C	$90	—	—	2	8⅞	—	—	$92¼
TOTAL VOLUME IN CONTRACTS						2364		

C=Call P=Put

BIDS AND DEALS

Vita-tex suspended on British Vita talks

British Vita, the rubber and plastics group, is talking with Vita-tex, the warp knitted fabric group, about the possibility of making a bid.

Shares of Vita-tex were suspended yesterday at 71p, which gives the company a market capitalisation of nearly £2.4m. It sells around 37 per cent of its output to the automotive industry, with 28 per cent coming from household textiles and 15 per cent from dresswear.

Vita-tex raised its pre-tax profits in the year to April 30, 1979, from £507,000 to £803,000, on increased turnover of £9.08m (£7.53m).

According to Mr. Robert McGee, the deputy chairman and chief executive of British Vita, the company is keen on the prospects for diversification which ownership of Vita-tex would open up. There are already substantial trading links and Vita-tex has a "wealth of technical expertise."

Directors of Vita-tex own more than 27 per cent of the shares, and Mr. McGee said their reaction to the approach had been "very favourable."

British Vita, which is based in Manchester, paid nearly £1.3m earlier this year for Libeltex, a Belgian maker of bonded fibre waddings. In 1978, it earned a pre-tax profit of £6.83m (£6.12m) on turnover of £49.97m (£44.04m) with a 29 per cent profits advance to £4.06m at halfway.

ESTATES PROPERTY

Royal Insurance has exercised its option dated March 25, 1976 to subscribe for the 443,800 ordinary in Estates Property Investment Company at a price of 45p per share and accordingly the shares were allotted to Royal on November 8, 1979. Royal's holding in EPIC now amounts to 1.97m shares (10.41 per cent).

EPIC has acquired for £402,501 cash, the minority interests in its subsidiaries EPB Northern, EPB Properties, Spabridge Investments and Clangate Properties which are now wholly owned.

PROVINCIAL'S FULL OFFER LAPSES

The full offer from Provincial Laundries for St. George's Laundry has lapsed because of the implacable opposition of the directors, but the partial offer has now gone unconditional.

Provincial has received acceptances (which are irrevocable) amounting to 14.9 per cent for its partial offer which had a top limit of 29.9 per cent. This target represented all the independent shareholding as 69 per cent of the shares are controlled by the directors who have said they will not accept Provincial's full offer.

The partial offer now remains open until December 3, but will not be further extended.

MILFORD DOCKS

Seanoll, which has been building up a stake in Milford Docks and has been seeking board representation, has sold 21,000 shares in the company. This reduces its holding to 5.83 per cent.

Earlier this month a group of shareholders led by Seanoll and including representatives of Energy Finance and General Trust asked for an EGM to consider the appointment of three new directors to replace two of the existing board members. At the end of last month Mr. David Blick, managing director of Greyhound Equipment Finance, joined the board. Last week a letter signed by 70 per cent of Milford Docks workforce was sent to shareholders urging them not to support the new appointments.

MATTHEW HALL BUYS S. A. SCOTT

Through its subsidiary Matthew Hall Denver, Matthew Hall and Co. has acquired S. A. Scott and Co., consulting mining engineer, based in Denver, Colorado, U.S., for U.S.$2.2m.

Of the consideration, £600,000 is payable on completion, with the rest on deferred terms.

Scott, which also has considerable experience in mine shaft and sub-surface engineering, achieved pre-tax earnings of $417,000 for 1978, and had net assets, at December 31, of $354,000.

NO PROBE

The proposed acquisition by British Vita Company of Portways is not to be referred to the Monopolies and Mergers Commission.

Approach to Scottish Homes

Scottish Homes Investment, the estate development and building services group, is in talks with an unnamed party which could lead to an offer for the Edinburgh-based building company.

An announcement is expected later this week. Shares of Scottish Homes rose 7p to 39p, valuing the group at £2.73m.

For the year to March 31, 1979, Scottish Homes reported pre-tax profits of £482,429 compared with £350,920, on turnover of £4.18m, against £3.5m. Net current assets totalled £1.3m and fixed assets £671,298.

The directors' report showed a number of shareholders with interests over 5 per cent.

They are listed as Industrial and Commercial Finance Corporation with 473,786 shares (6.8 per cent); London and Lennox Investment Trust, 600,000 shares (8.6 per cent); the Iron Trades Employers Insurance Association, 600,000 (8.6 per cent); and the Mollins Pension Trust, 400,000 shares (5.7 per cent). Directors' interest amounted to over 25 per cent at the end of July.

NEI REORGANISES S. AFRICAN SIDE

Northern Engineering Industries is to rationalise its South African operations early next year.

NEI's 62.5 per cent owned South African subsidiary, Northern Engineering Investments Africa, will buy for cash the UK parent's wholly owned other operating arm Reyrolle Parsons of South Africa. The purchase price will be decided when RPSA's results for the current year and its prospects are known.

Because the UK parent owns 62.5 per cent of NEIA, it will effectively be able to remit 37.5 per cent of the RPSA sale price to the UK.

Averys defends dividend boost

Averys hit back yesterday at the suggestion by General Electric Company, which is bidding £98m for the weighing machine company, that its decision to boost the dividend was consistent with an overriding desire to stay independent than with the long-term interests of the business.

Mr. Richard Hale, the chairman, told shareholders that the price GEC was prepared to pay—raised this month by 20p a share to 265p—"fails to reflect Averys' record, dominant market position and future prospects."

He added that the forecast total dividend of 15p net, a rise of nearly 68 per cent, would be twice covered by forecast earnings in a year affected by strikes and fully covered by estimated current cost earnings.

Averys has already forecast rises in turnover of around 20 per cent and 10 per cent in pre-interest trading profits, with taxable earnings expected to be flat, and net income 8 per cent lower.

Burgess Products begins to recover from strike

THE FIRST half of the current year at Burgess Products Company (Holdings) has been disrupted by the engineering dispute but strenuous efforts are being made to reduce the impact of this disruption, Mr. W. Riddell, chairman, tells members in his annual statement.

Profits for the year to July 28, 1979—as reported on October 27—rose by some 40 per cent to £1.15m. Mr. Riddell describes this as a further step in the recovery trend towards profit levels of a few years ago but points out that in inflation-adjusted terms there is still some way to go.

In a divisional review the chairman reports that, after a poor first half, the second six months at Burgess Architectural Products proved more satisfactory. Sales of ceiling materials to the UK private sector are increasing and exports are expanding. Sales of Metalflair products have also improved but public expenditure cuts may affect prospects.

The second half of last year at Burgess Industrial Silencing did not produce the anticipated improvement and full year results were disappointing. The market continues to be difficult and the current year has not been helped by the engineering strike.

Burgess Micro Switch Company recovered from an early setback and finished last year with turnover 25 per cent ahead. The improvement in the market mentioned in last year's report has flattened out, and it is difficult at this stage to assess the full impact of the recent AUEW national strike. Efforts are being made to regain turnover lost during the strike period but it may not be possible to re-establish certain cancelled export orders.

Late delivery of new tooling delayed the introduction of a major new product at Burgess Power Tools. Nevertheless both turnover and profits advanced during the year under review. Increased activity at home and overseas, particularly in Europe, plus the introduction of further new products should strengthen the company's share of the market and maintain progress.

An increase in the number of exhaust systems sold, together with a second half recovery of activity in air filter manufacture, were factors which contributed to a further improvement at Burgess Products Company. The current order book reflects a continuing level of activity in the agricultural, tractor and earth moving equipment industries as well as from motor vehicle manufacturers and the replacement market for exhaust systems.

Turnover at Burgess GmbH rose last year but profits dropped marginally due primarily to increased material costs arising from the stronger pound. It became necessary to introduce certain changes in the organisation of the sales force during the period. These changes have now become effective and Mr. Riddell anticipates better figures for the current year.

Despite exchange rate difficulties, Burgess Switch Company had another satisfactory year of steady improvement. Further expansion is planned for the current year and the directors are confident of a continuing contribution to group profits coming from this operation.

A statement of source and application of funds shows an increase in working capital of £566,000 (£995,000) and an increase in net bank overdrafts of £391,000 (£212,000 decrease).

At October 16 Barclays Nominees (M and G) Group held 7.55 per cent of the company and Paterson Ltd. 8.98 per cent.

Meeting, Hinckley, Leicestershire, on December 7 at noon.

Elswick Hopper £150,000 rise

TAXABLE PROFITS of Elswick-Hopper advanced from £451,000 to £605,000 in the half-year to July 31, 1979, on increased turnover of £11.13m against £7.68m.

The directors say they feel confident that the current year will show a satisfactory resumption of the company's growth pattern. For the 1978-79 year, the pre-tax surplus fell from £1.06m to £0.91m.

The net interim dividend is raised from 0.45p to 0.5175p—last year's final was 0.55p. After a reduced half-year tax charge of £91,000 (£117,000), earnings per 5p share are given ahead from 1.34p to 1.43p.

Principal activity of the group is the distribution and manufacture of agricultural equipment, bicycles and transmission engineering supplies.

KUNICK

Profits of Kunick Holdings came to £103,155 for the year ended May 31, 1979, which included pre-acquisition profits of £16,429. A final dividend of 0.549p lifts the total to 0.77p net per share, equivalent to 1.1p gross. Previously, no dividend had been paid since 1972.

Dealings start today as a listed security.

Expansion for Town Centre

PRE-TAX PROFIT of Town Centre Securities expanded from £800,804 to £951,611 for the year ended June 30, 1979, and the dividend is effectively raised to 1p net, compared with 0.60617p.

Also proposed is a one-for-two scrip issue.

Gross revenue amounted to £3.21m (£2.97m), and the profit figure was struck after interest of £1.1m against £1m, and subject to tax of £493,824 (£411,235).

Earnings per 25p share are shown as up from 1.15p to 1.35p.

The directors say they have a number of negotiations taking place for some interesting developments. And provided satisfactory prices can be negotiated for these properties, they hope to be able to record important purchases during the current year.

Schroder Property Fund shows substantial growth

SUBSTANTIAL GROWTH is reported for the Schroder Property Fund for Pension Funds and Charities over the year to July 31, 1979. The total value of the fund stood at £57.1m at the end of the year compared with £40.4m at the beginning.

The offer price of units improved by 19.2 per cent over the year and the gross distribution per unit at £82.97 was 17 per cent above that for the previous year. Net rental income was 81 per cent higher at £1.89m.

Sir Ashley Ponsonby, in the management report, points out that during the year under review, 14 properties were purchased at a cost exceeding £7m. At the year end all liquidity had been committed to further properties or developments.

The property portfolio is split 43 per cent offices, 30 per cent industrial, 23 per cent shops and the rest in farms, with a wide geographical spread.

The first rent review settlements were producing substantially higher income and it was estimated that at current rent levels the income should increase by 44 per cent over the next 4½ years. Nearly 84 per cent of the properties have rent reviews every five years or less.

At the end of the year, the fund had 216 unit holders compared with 182 at the beginning. Since the year end, four more properties have been purchased at a cost of £4.5m including a shopping centre at Shipley in Yorkshire. The value of the fund is now £60m.

Increase for Ocean Wilsons

DESPITE REDUCED turnover of £19.42m compared with £20.35m, pre-tax profits of Ocean Wilsons (Holdings) improved from £1.75m to £1.86m in the six months to July 31, 1979.

The net interim dividend of the investment holding concern is held at 1p—last year a total of 3.5p was paid from profits of £3.18m.

After tax for the half-year of £688,000 (£611,000), earnings per 20p share are given as 8.84p, against 8.63p.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglo-American Asphalt, Evans of Leeds, Glove Investment Trust, H.A.T., Hambros, C. E. Heath, Metal Box, Rexmore.

Finals—Equity Income Trust, Moran Tea, Northchart Investments, Wade Potteries.

FUTURE DATES

Interims—	
Airfix	Dec. 3
Brady Industries	Nov. 30
Buckley's Brewery	Nov. 26
Dunhill (Alfred)	Nov. 22
Electric and General Invests.	Dec. 19
Johnson Matthey	Nov. 28
Property Partnerships	Nov. 27
Whitbread Investment	Nov. 28
Finals—	
Burndens Investments	Nov. 22
Castlefield (Klang) Rubber Est.	Nov. 28
Comet Radiovision	Nov. 26
Davenports' Brewery	Dec. 4
Hanson Trust	Dec. 6
Killinghall (Rubber) Development Syndicate	Nov. 29
MEPC	Dec. 18
Royal Bank of Scotland	Nov. 28
Yarrow	Nov. 28

This advertisement appears as a matter of record only

THE COUNCIL OF THE BOROUGH OF KIRKLEES

£6,000,000
Droplock Floating Rate Loan

Managed by
Guinness Mahon & Co. Limited

Medium Term Interim Finance provided by
Banco di Roma, London Branch
Commerzbank A.G., London Branch
Guinness Mahon & Co. Limited
Johnson Matthey Bankers Limited
Manufacturers Hanover Trust Company

Agent
Guinness Mahon & Co. Limited

Advisers to the Borrower
M W Marshall & Company Limited

This advertisement appears as a matter of record only

OLDHAM METROPOLITAN BOROUGH COUNCIL

£6,000,000
Droplock Floating Rate Loan

Managed by
Guinness Mahon & Co. Limited

Medium Term Interim Finance provided by
Allied Bank International
Commerzbank A.G., London Branch
Continental Illinois National Bank & Trust Company of Chicago
Guinness Mahon & Co. Limited
Johnson Matthey Bankers Limited
Keyser Ullmann Limited
London & Continental Bankers Limited
Marine Midland Bank

Agent
Guinness Mahon & Co. Limited

Advisers to the Borrower
M W Marshall & Company Limited

This advertisement appears as a matter of record only

THE LONDON BOROUGH OF ISLINGTON

£8,000,000
Droplock Floating Rate Loan

Managed by
Guinness Mahon & Co. Limited

Medium Term Interim Finance provided by
Commerzbank A.G., London Branch
Société Générale (France) Bank Limited

American National Bank & Trust Company of Chicago
Associated Japanese Bank (International) Limited
Guinness Mahon & Co. Limited
Hungarian International Bank Limited
Texas Commerce Bank N.A.

Agent
Guinness Mahon & Co. Limited

Advisers to the Borrower
M W Marshall & Company Limited

This advertisement appears as a matter of record only

CITY OF NOTTINGHAM

£8,000,000
Droplock Floating Rate Loan

Managed by
Guinness Mahon & Co. Limited

Medium Term Interim Finance provided by
Banque Belge Limited

Atlantic International Bank Limited
Banco di Roma, London Branch
The Commercial Banking Company of Sydney Limited
Commerzbank A.G., London Branch
Euro-Latinamerican Bank Limited
—EULABANK—
Guinness Mahon & Co. Limited
The Industrial Bank of Japan, Limited
Italian International Bank Limited
Landesbank Stuttgart, London Branch
United Overseas Bank Limited, London Branch

Agent
Guinness Mahon & Co. Limited

Advisers to the Borrower
M W Marshall & Company Limited

NORTH AMERICAN NEWS

Aviation sales aid Bangor Punta result

By Our Financial Staff

BANGOR PUNTA, the diversified industrial company with heavy involvement in general aviation, has pushed earnings ahead by 20 per cent in 1979 and expects higher earnings in 1980. The board says its forecast for next year is made despite a current weakness in shipments of power boats and recreational vehicles.

In 1979, earnings advanced from $24.6m or $4.07 a share to $29.7m or $4.84 a share. Sales, at $785.9m, also showed a 20 per cent gain.

The figures for 1978 have been restated to reflect the investment in Lone Star Industries on the equity method of accounting. This brought an increase of $601,000 or 13 cents per share in net income. Bangor has said that it would like to increase its holding in Lone Star, the largest cement producer in the U.S., to 100 per cent.

Results for 1979 exceeded projections, said the board, with Piper Aircraft and Smith and Wesson the major contributors. About half of Bangor's revenue and profits comes from the general aviation field.

The company has bought in 14,063 of its own shares at an average price of $25.83 a share, leaving some 4.8m shares outstanding.

Posner meeting to discuss UV Industries counter-bid

BY DAVID LASCELLES IN NEW YORK

MR. VICTOR POSNER, the steel industrialist and investor, summoned a meeting of his NVF corporation and its Sharon Steel subsidiary last night to consider making a counter-bid for UV Industries.

UV, a metals and coal company, is currently going into voluntary liquidation. But Reliance Group, the insurance and leasing concern headed by Mr. Saul Steinberg, last week made a $449m bid for the company — or what is left of it — with a November 26 deadline.

Yesterday's move was the latest in a tangled skein of events which has caught Wall Street's attention as much for its ramifications as the size of the assets involved.

Mr. Posner first expressed interest in UV last spring when it announced its liquidation plan which, it said, would realise more per share for its shareholders than UV would as a going concern. Mr. Posner, who holds nearly 23 per cent of UV, tried to halt the liquidation in order, it was widely thought, to launch an effort to gain control of the company itself and its near-$500m in cash assets. However, UV shareholders voted down Mr. Posner.

So the UV liquidation proceeded until last week's bid by Reliance. At the time, Sharon said it might be interested in making a counter offer. But in the meantime, Mr. Posner bought heavily into Reliance, a move which suggested that he was less interested in buying UV than maintaining an interest in UV assets when they pass to Reliance.

There was no elaboration of yesterday's announcement of the Sharon meeting. But speculation centred on whether Mr. Posner would pursue UV's liquidation plan if he won control of the company, or seek to maintain it as a going concern.

There was no immediate reaction from UV. But the company said earlier that it would keep its options open should other bids appear before the November 26 deadline.

Trading in UV shares, which closed last Friday at $28, was suspended on the New York Stock Exchange following Mr. Posner's announcement. Reliance Group's bid totals $29.50 per share, consisting of $5 in cash and $24.50 principal amount of Reliance debentures. At the time of the Reliance bid, $306m of UV's assets consisted of cash.

Earnings rise at Canadian Tire

By Robert Gibbens in Montreal

CANADIAN TIRE, one of Canada's most successful hardware and car accessories retailing groups, earned C$29.1m (U.S.$24.7m) or C$2.46 a share in the first nine months against C$22.3m or C$1.94 a year earlier, on revenues of C$717m.

Economic uncertainties and high interest rates have not had any apparent impact on volume as yet, the company said, and gross operating revenues were up nearly 20 per cent in the third quarter.

Third-quarter dealer sales were up 11½ per cent but the build-up of stocks at dealers for the Christmas season indicated that the rate of increase in gross operating revenues will be lower in fourth quarter.

Third-quarter earnings were C$10.8m or 90 cents a share against C$7.8m or 68 cents on revenues of C$256m against C$213m.

Westvaco advance

Westvaco, printing paper manufacturer, has pushed earnings for 1979 ahead from $66m, or $3.90 a share, to $77.9m, or $4.61 a share, on sales of $1.2bn against $1.1bn. The final quarter brought net earnings of $28.3m, or $1.71 a share, against $25m, or $1.48m, on sales of $348m, against $316.6m last time.

Levitz family agrees to offer

CHICAGO—Mr. Ralph Levitz, chairman of Levitz Furniture, said yesterday that agreement had been reached with members of the Pritzker family under which publicly held shares of Levitz stock would be acquired for $27 a share cash. This would put a total value of $115m on the equity of Levitz.

Under the agreement Mr. Levitz said that members of his family who own 1,048,694 shares of Levitz Furniture Stock, or about 24.7 per cent of outstanding shares would sell their stock at $25 a share to a newly formed company. This would be 75 per cent owned by the Pritzker family and 25 per cent by the Levitz family.

The Pritzker family currently owns 381,100 shares of Levitz stock or about 9 per cent of the outstanding shares. AP-DJ

INTERNATIONAL CAPITAL MARKETS

Bank of Tokyo increases share of syndicated loans

BY OUR EUROMARKETS STAFF

THE BANK of Tokyo last year participated in more than 100 syndicated loans, totalling $26.4bn, according to the Japanese bank's annual report for 1979.

This figure represented more than 10 per cent of all international syndications in numerical terms and about one-third in value terms, out of the $80bn of loans arranged last year, it said.

The total of yen-denominated loans made by all banks internationally amounted to about Y700bn ($3.34bn), a five-fold increase over the previous year.

The Bank of Tokyo itself acted as a manager for 13 of the 39 yen loans last year.

The Japanese bank's report demonstrates the penetration it has achieved in recent years in the international syndicated loans market, and comes at a time when the Japanese Finance Ministry and the Bank of Japan have cut back sharply on their commercial banks' loan activity overseas.

The outstanding balance of medium-term foreign currency loans by the Japanese banks has now surpassed Japan's entire foreign exchange reserves, according to estimates in Tokyo.

Japanese bankers now suggest that the authorities have in effect decided to ban such loans, except where the borrower is an international organisation or the government of an advanced country which has no trouble in repaying the loans. These loans are also allowed where a major Japanese commercial bank is the lead manager of a syndicate.

● The National Bank of Hungary plans to raise three syndicated Eurocredits next year, according to Mr. Kalman Meszaros, general manager, Reuter reports from Budapest.

Mr. Meszaros said in an interview that each credit would probably be for $200m to $300m, depending on market conditions at the time it is raised.

The Bank had no fixed programme for raising the credits, but it would probably decide on the first one early in the new year, he said.

The Bank's three syndicated Eurocredits this year, which were originally planned to raise about $600m, amounted to $950m through oversubscription, Mr. Meszaros said.

The same could happen with next year's credits, he added.

Mr. Meszaros said that Hungary expected to have a deficit in its convertible currency foreign trade this year of between $300m and $400m.

FRCD for Japanese bank

BY JOHN EVANS

BANKERS TRUST International is arranging a £3m ($1.38m) floating rate certificate of deposit (FRCD) issue for the London branch of the Taiyo Kobe Bank of Japan.

This is believed to be the first such sterling tranche issue of FRCDs, the U.S. bank said.

The terms include a maturity of three years and a margin of ¼ per cent annually over the London interbank offered rate for six-month sterling deposits.

The size of the issue is limited by the corset controls imposed on London banks by the Bank of England.

However, bankers said that studies were being made by their banks to see whether it is possible to start issuing CDs in the Eurosterling market in continental Europe, and thus gain greater flexibility in issuing amounts.

Eurodollar bonds easier

By Our Euromarkets Staff

FALLS IN Eurodollar bonds and notes ranged to ½ point yesterday following the impact of the new weakness of the dollar and easier bonds prices in New York at the opening.

Trading was light with uncertainties stemming from the conflict between Iran and the U.S. keeping many investors on the sidelines.

The $75m seven-year floating rate note offer from the Long-Term Credit Bank of Japan was said to be getting a favourable reception. The issue was being re-offered to institutions at a discount of 1⅛ per cent, within the selling group commission of 1¼ per cent.

Eurosterling bonds rose by about two points reflecting the strength of sterling and the high yields now available.

Borrowing total falls by $3bn

PARIS—Borrowing on the international capital markets fell in October to a total of $8.84bn, equivalent from $11.98bn in September.

In October, internationally floated bonds totalled $1.46bn against $1.3bn in September, while bonds issued by foreign borrowers on domestic markets totalled $1.2bn against $1.9bn.

International bank loans totalled $6.26bn in October against $8.65bn in September, with private placements at nil in October against $124m. Reuter

KAISER ALUMINUM

Key markets keep aluminium sales buoyant

BY ART GARCIA IN OAKLAND

ALUMINIUM SHIPMENTS by Kaiser Aluminum and Chemical Corporation will be "somewhat less" in the current fourth quarter than the 247,800 tons delivered in the third period. That third quarter total was an increase of 3.3 per cent from the comparable 1978 three months. In the first nine months of 1979, Kaiser, America's third largest producer of aluminium, delivered 760,100 tons, 10.1 per cent more than the 690,500 tons shipped in the similar period last year.

The expected fourth quarter decline reflects the general slowing of the U.S. economy, particularly as it affects the transportation and residential construction industries, reports Mr. Cornell Maier, Kaiser's chairman, president and chief executive. "For the entire year, however, our shipments still should be about 4 per cent above last year's levels," he adds.

Mr. Maier expresses continued optimism about aluminium, noting that demand remains strong in key markets, particularly containers and packaging, aerospace, and in international markets.

In the aggregate, the company's diversified businesses registered third-quarter results below those of last year. Earnings for industrial chemicals and international trading operations improved over 1978's third quarter, with refractories about even with last year. But the agricultural chemicals division showed a seasonal loss that was greater than a year ago and real estate results were lower.

Kaiser's third quarter net earnings amounted to $52.8m, equal to $1.28 per common share, up from net profits of $34m or 83 cents a share. Sales rose to $704.8m from $602.3m.

For the first nine months of this year net income came to $163.4m or 4.12 a share, compared with $111.3m or $2.74 a share. Sales in this year's first three quarters advanced to $2.2bn from $1.8bn.

Wall Street estimates see Kaiser's full-year 1979 profits coming in between $4.75 and just over $5 a share. The company in 1978 had record profits of $145.5m, equivalent to $3.33 a share, on an all-time high volume of $2.5bn. Total aluminium shipments by Kaiser last year were 1.9bn lbs.

Mr. James Vais, Kaiser's director of economic and marketing research, says the U.S. aluminium industry's third quarter domestic shipments were probably down 1.7 per cent from a year ago to 3.3bn lbs. Fourth quarter industry domestic shipments should be approximately 3.2bn lbs, down 9.4 per cent from last year, he says. Those estimates would bring the total for the full year to 13.65bn lbs, slightly above 1978's 13.63bn lbs.

"When you add in the increased export forecasts, which now are carried at about 885m lbs, it means the year's shipments will total around 14.4 to 14.54bn lbs, up about half a per cent over last year," notes Mr. Vais. Producers' inventories by year-end will have declined approximately 156m lbs to a level of 5.34bn lbs, down from 5.5bn lbs at the close of 1978.

The markets showing the greatest strength—and expected by Kaiser to continue doing so—are the metal can, aircraft and aerospace businesses. The aerospace market should see a "substantial" gain over last year "and will remain at relatively high levels," Mr. Vais says.

In a broader outlook Mr. William Hobbs, vice-president and treasurer, predicts aluminium will experience a tight "supply/demand relationship, with periods of scarcity through the mid-1980s." The current U.S. economic downturn will lower 1980 shipment levels "but then we expect aluminium demand to continue to grow through the next decade. In fact," declares Mr. Hobbs, "we expect the sustained growth rate for aluminium demand to be greater than the growth rate for the economy in general."

هكذا من الأهلي

Olivetti plans further capital increase

By Rupert Cornwell in Rome

OLIVETTI, THE leading Italian office equipment and electronics group, is planning a further "substantial" capital increase within two or three years, following the two-stage operation in 1978 which lifted capital to L200bn ($240m) from L60bn.

This was announced by Sig. Carlo de Benedetti, Olivetti's managing director, in Frankfurt yesterday at a news conference to mark the first quotation of the company's shares on the main West German stock exchange.

The Frankfurt listing follows similar moves in Geneva and Paris, and is part of the overall Olivetti strategy of underpinning its reputation as a major multinational group.

Next year, Sig. de Benedetti said, Olivetti will issue parent company acounts audited by an international accounting firm. Consolidated figures will follow in 1981 on a similar basis.

The campaign to enhance the company's appeal to international investors is coupled with a major rationalisation drive at home, aimed at cutting costs, especially on labour.

Sig. de Benedetti is currently engaged in what amounts to a trial of strength with the Italian unions over his plan to reduce Olivetti's workforce by 4,500 by 1982. The consequence has been serious — although sporadic — industrial unrest at its Italian plants.

Nonetheless, group sales rose by 24 per cent over the first nine months to L1,230bn ($1.48bn). Parent company sales rose by 41.8 per cent to L604bn, and a return to profitability in 1979 is likely to ensure the payment of a dividend for this year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Alcoa of Australia 10 89	60	88⅞	89⅛	+0⅛	+1⅞	11.99
Alex Howden XW 9½ 91	30	†76	78	−1	0	13.52
Australian Res. 9⅝ 84	30	91½	92	0	0	11.99
Avco O/S Cap. 10⅝ 87	40	84¾	85	0	+0⅛	13.61
Beneficial Fin. 9⅜ 87	100	89⅞	90⅛	−0⅛	+0⅞	11.81
CECA 10⅛ 91	150	87⅛	87⅝	−0⅛	−0⅛	12.88
CECA 9¾ 99	125	80¼	80¾	0	−0⅛	12.80
Canadian Pacific 9⅜ 89	50	89	89½	−0¼	+0⅛	11.66
Carter Hawley 9⅝ 86	50	89⅛	89⅝	−0⅛	+0⅛	12.12
Cominco Inv. E. 10⅛ 91	40	88⅞	89⅜	0	+0⅛	12.01
Continental Grp. 9⅜ 86	100	89⅞	90⅜	−0⅛	+0⅛	11.83
Dome Petroleum 10 94	50	86⅞	87⅜	0	−0⅛	11.88
Dominion Bridge 10⅛ 84	30	92⅞	93⅜	−0⅛	+0⅞	12.26
Dow Chem. O/S 9⅝ 94	200	86⅜	86⅞	−0⅛	+0⅛	11.57
EIB 9⅞ 87	150	91⅛	91⅝	−0⅛	−0½	11.93
EIB 10 99	150	89	89½	0	−0½	11.71
EIB 10⅛ 87	100	92½	93	−0⅛	−0⅛	11.98
EIB 10.15 99	100	90⅛	90⅝	0	−0⅛	11.71
Export Dv. Cpn. 9⅝ 84	100	91⅞	91¾	−0⅛	0	11.86
Export Dv. Cpn. 9⅝ 84	150	92⅜	92⅞	−0⅛	+0⅛	11.31
Finland 9⅞ 89	100	†87	88	0	0	12.18
GTE Finance 9½ 84	50	91¾	92¼	0	+1⅛	11.96
GTE Finance 9⅝ 89	55	87⅛	87⅝	0	+0⅛	12.01
GMAC 9⅛ 86	100	89⅞	90⅜	−0⅛	+1	11.44
Gould Int. Fin. 9⅝ 85	50	91⅞	92⅜	−0⅛	+1⅛	11.88
Hudson Bay Co. 10 94	50	90¼	90¾	−0⅛	+1⅞	11.36
ITT Antilles 9½ 89	75	86⅜	86⅞	0	+0½	11.91
Kennecott Int. 9½ 86	100	86¾	87¼	−0⅛	+0⅛	12.51
Manitoba 9½ 89	75	87⅞	88⅜	0	+0⅛	11.68
Michelin 10 94	125	86⅜	86⅞	0	−0½	11.96
Nat. Des. Telecm. 9½ 86	100	90	90½	0	+0⅛	11.68
New Brunswick 9⅝ 94	75	85⅞	86¼	−0⅛	−0⅛	11.81
Newfoundland 10 94	50	89⅛	89⅝	0	+1⅛	11.53
Norges Komm. 9⅞ 99	100	†87	88	−0⅛	−2⅛	11.81
Norway 9½ 84	150	92¼	92¾	−0⅛	−0⅛	11.72
Nova Scotia Pwr. 9⅝ 89	60	88⅜	88⅞	−0⅛	+0⅛	11.83
Occidental Fin. 10⅝ 84	50	†93½	94	+0⅛	+1⅛	12.08
Orient Leasing 9½ 86	25	†87½	88	−0⅛	−0½	12.28
Pennwalt O/S F. 9⅝ 84	25	91⅜	91⅞	−0⅛	+0½	12.22
Pepsico Cap. 9⅛ 84	100	92¼	92¾	0	+0½	11.53
Quebec Hydro 10 99	75	88⅞	89⅛	−0⅛	+0⅛	11.43
Sears Roebuck 9 82	150	93½	94	0	+0½	12.31
Statoil 9⅞ 89	100	88½	89	−0⅛	+0⅛	11.60
Sweden 9⅝ 89	100	88⅞	89⅜	−0⅛	+0⅛	11.83
Sweden 9½ 86	200	†90	90¼	−0⅛	−0½	12.01
Sweden 9⅝ 84	100	92⅞	93⅜	−0⅛	+0⅛	11.77
Unilever NV 9⅝ 87	100	88⅞	89⅜	−0⅛	+0⅛	11.57
Warner-Lambert 9 84	100	91⅞	92⅜	0	+0⅞	11.32

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev. Bk. 8 87	100	97½	98¼	+0⅛	+0⅛	8.37
Argentina 7½ 89	150	92⅞	93⅜	+0⅛	+0⅛	8.56
Asian Dev. Bk. 7⅝ 89	100	92¼	92⅞	+0½	+0⅛	8.40
Banco Desarrollo 7⅝ 86	100	93⅛	93⅞	+0⅛	+0⅞	8.62
Barclays O'seas 6⅝ 89	100	90½	91⅛	+0⅛	−1	8.16
Brazil 8 87	150	95⅞	96⅛	+0⅛	+0⅛	8.77
CECA 7 91	150	91¾	92	+0⅛	+0⅛	8.15
Council of Eur. 7⅝ 89	100	96⅜	96⅞	+0⅛	+0⅞	7.85
Denmark 6½ 89	100	86⅞	87½	−0⅛	−1⅛	8.57
EEC 7⅞ 94	225	96⅞	97⅞	+0½	+1	8.21
EIB 7½ 89	200	96½	97¼	+0⅛	+1⅛	7.97
Eletrobras-Brazil 7 87	100	92⅜	92¾	+0½	−0½	8.42
Eurofima 6½ 89	100	94⅞	95⅜	0	+1⅛	7.26
Kobe, City of 7⅝ 89	150	95⅞	96⅜	+1⅛	+1⅛	7.73
Mitsubishi Chem. 6½ 84	70	95⅞	96½	−0⅛	+0⅛	7.65
New Zealand 7⅝ 87	200	95⅞	96⅜	+1⅛	+2⅛	7.78
Nippon Kokan 6½ 84	100	94⅛	94⅞	+0⅛	+0⅛	8.03
Nippon Tel. & T. 5½ 87	100	86⅞	87⅛	+0⅛	+0⅛	7.98
Norges Komm. 7⅝ 91	150	98⅜	99	+0⅛	+1⅛	7.93
Norway 6⅝ 84	200	94⅞	95½	0	+0½	7.59
OKB 6 87	40	87	88	0	−4½	8.37
OKB 7⅛ 89	100	95⅞	96⅜	+0⅛	+0⅛	8.05
Tokyo Elec. Pwr. 6½ 85	200	92½	93	+0⅛	+0⅛	8.19
World Bank 7⅝ 91	400	96⅛	96⅞	+0⅛	+0⅞	8.20

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Argentina 5½ 89	80	97½	98	+0⅛	−0⅞	5.81
Aumar 5 89	60	97½	98	−0½	+1⅛	5.30
Australia 3⅝ 89	250	92½	92⅞	+0⅛	+0⅛	4.61
Bergen, City of 4⅝ 91	40	97⅞	98⅜	−0⅛	+1⅞	4.99
BNDE 6 89	75	90⅛	90⅝	+0⅛	+1	6.38
BMW Overseas 4⅝ 91	100	96½	96⅞	+0⅛	+0⅛	4.62
Caisse Nat. Tele. 4⅝ 89	100	†98	98⅞	+0⅛	+2⅛	4.62
Canada 3⅝ 89	300	92	92⅞	0	0	4.68
Copenhagen 4½ 91	80	96⅛	96⅝	+0½	+0⅛	4.88
EIB 4½ 91	100	96⅞	97⅛	+1⅛	+2⅛	4.84
EIB 4⅝ 94	100	90⅞	91½	+0⅛	+1⅛	5.28
Elet. de France 4½ 89	100	98⅜	99	+0⅛	+2⅛	4.52
GZB 4⅝ 89	100	92⅛	92⅞	+0½	+1⅛	5.22
Hilti 4½ 91	35	98½	99	0	−0⅛	4.39
ICI Fin. NV 3½ 94	230	87	87½	+0⅛	0	4.76
Int.-Amer. Dev. 4½ 89	100	93⅛	94	+0⅛	+0⅛	5.32
Malaysia 5 89	80	91⅛	91⅝	+0⅛	+1	6.17
Nippon Tel. & T. 4⅛ 89	100	97⅞	98⅛	+0½	+1⅛	4.50
Nordic Bank 5 89	45	99⅞	100⅛	−0⅛	+0⅛	5.00
Norges Komm. 4⅝ 91	100	93⅛	93⅝	0	+0⅛	5.12
OKB 3⅝ 91	100	†86½	87	+0⅛	+1⅛	5.33
OKB 4½ 91	100	92⅛	92½	−0⅛	+0⅛	5.25
Oslo, City of 4⅝ 91	100	92⅞	93	+0⅛	+0⅛	5.19
Pfand Ost. Lande 4 90	80	90	90⅝	+0⅛	+1⅞	5.22
Shikoku El. Pwr. 4⅝ 89	100	98½	98⅞	+0⅛	+0⅞	4.93
Spain 4 91	100	92½	93	0	−0⅛	4.94
Stawag 4⅝ 91	60	99	99¼	−0⅛	+0½	4.95
Voest-Alpine 4⅝ 89	80	100½	100⅞	+0⅛	+0⅛	4.66
World Bank 4⅝ 89	100	98⅛	98½	0	−0⅛	4.84
World Bank 4⅝ 89	150	95⅝	96⅛	+1½	+2⅞	4.93
World Bank 4⅝ 91	100	94⅛	94⅝	+0⅛	+1½	5.27

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 5.6 83	30	89⅛	89⅝	−0⅛	−0⅛	9.14
Australia 6½ 88	20	85⅞	86⅛	−0⅛	−0½	9.81
EIB 7⅝ 89	12	97⅝	98⅛	0	+0⅛	8.06
Finland 5.6 83	10	88⅛	88⅝	−0½	0	9.14
Finland 6.8 88	10	87⅞	88⅛	0	−0⅛	8.86

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Avco Fin. 10⅛ 86 C$	25	88½	89⅛	−0½	+0½	12.97
Bell Canada 10⅛ 86 C$	60	92¼	92⅝	+0⅛	+0⅛	12.42
Cr. Foncier 10½ 84 C$	30	89½	89⅞	0	+0⅛	13.44
Ex. Dev. Cpn. 10 84 C$	50	91⅛	91⅝	−0⅛	+0⅛	12.59
Fst. Can. Inv. 10 84 C$	50	91⅛	91⅝	+0⅛	+0⅛	12.59
Hudson Bay 10½ 89 C$	60	90¼	90⅝	0	+0⅛	12.25
Quebec 10⅝ 86 C$	50	89⅛	89⅞	−0⅛	−0⅛	12.71
R. Bk. Canada 10 86 C$	40	89⅛	89⅞	+0⅛	+0⅛	12.38
R. Bk. Canada 10 94 C$	40	84½	85	0	+0½	12.28
Copenhagen 8⅝ 91 EUA	25	95⅞	96⅛	−0⅛	−1	8.84
Copenhagen 8⅝ 91 EUA	20	100	100⅛	−0⅛	−0⅛	8.69
SOFTE 8⅝ 89 EUA	40	90⅞	92⅛	+0⅛	+0⅛	9.65
Algemene Bk. 8⅝ 84 Fl	75	†97	97½	+0⅛	+0½	8.96
Amev 8½ 86 Fl	75	97⅛	97⅝	+0⅛	+0⅛	9.02
Ned. Middbk. 8⅝ 84 Fl	75	96	96½	−0⅛	+0½	9.31
Norway 8⅝ 84 Fl	100	96⅞	97⅛	+0⅛	+0⅛	9.13
Norway 8⅝ 84 Fl	100	96⅞	97⅛	+0⅛	+0⅛	9.03
Rabobank 9 84 Fl	25	100½	101	—	—	8.81
Air France 11 84 FFr	120	97⅛	98⅛	−0⅛	0	11.47
Euratom 9⅝ 87 FFr	150	85⅞	86⅞	0	0	12.74
Finland 11 84 FFr	80	96½	97½	+0⅛	+0⅛	11.83
Finland 11½ 89 FFr	70	95⅞	96⅞	+0⅛	+0⅛	12.16
Gaz de France 11 84 FFr	150	96⅞	97⅞	+0⅛	+0⅛	11.76
Norway 9⅛ 84 FFr	200	89⅞	90½	+0⅛	+0⅛	12.38
PSA Peugeot 9⅝ 87 FFr	175	84⅞	85⅞	−0⅛	−0½	13.04
Renault 9⅝ 85 FFr	100	87⅞	88⅞	+0⅛	−0½	12.77
Saint-Gobain 9⅝ 86 FFr	130	85⅞	86⅞	+0⅛	+0⅛	13.01
Solvay et Cie 9⅝ 87 FFr	125	85⅞	86⅞	0	+0⅛	12.84
Total Oil 9⅝ 87 FFr	150	83½	84½	+0½	+0½	12.94
Citicorp 10 93 £	20	82½	83½	+0⅛	−0⅛	12.71
EIB 9⅝ 88 £	25	77⅝	78⅝	0	−0⅛	14.43
EIB 11½ 91 £	25	84⅞	84⅞	+1⅛	−1	14.28
Finance for Ind. 13 91 £	15	90	90⅞	+0⅛	−2⅛	14.76
Fin. for Ind. 12½ 89 £	30	88⅞	89½	+0½	−0⅛	14.64
Gen. Elec. Co. 12½ 89 £	50	90⅞	90⅞	+1⅛	+0⅛	14.38
Indonesia 8⅝ 91 KD	7	†94	94½	−0½	−0⅛	9.58
Mitsubishi 7½ 84 KD	10	†95⅛	95⅝	0	0	8.69
Norges Kom. 7½ 89 KD	12	†93⅛	93⅝	0	0	8.51
Occidental 8⅝ 91 KD	7	†91⅞	92⅜	0	−0½	9.39
Akzo 9⅝ 87 LuxFr	500	96	97	−0⅛	−0⅛	9.90
Euratom 8 87 LuxFr	500	90½	91½	+0½	+0⅛	9.76
Norges Kom. 8 86 LuxFr	500	90	91	0	+0⅛	9.93
Oslo, City of 8 89 LuxFr	500	89⅞	90⅞	0	+0⅛	9.59

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 6 87	0½	99¼	99⅞	26/4	15⅝	15.81
Bco. Nac. Argent. 7 86	0⅝	97⅛	97⅝	22/3	13.19	13.54
Banco Prov. BA 7⅝ 86	0⅝	97⅞	98⅜	12/12	11	11.21
Banco Urquijo 6 88	0⅝	97⅛	97⅝	21/3	13⅛	13.74
Bank of Ireland 5⅝ 89	0⅝	97½	98	21/2	5⅛	5.37
Bank of Tokyo 5⅝ 89	0⅝	98⅛	98⅝	25/10	16.19	16.46
Bque. Indo Suez 5⅝ 89	0⅝	97⅞	98⅜	11/1	11	11.21
BNP 5½ 91	0⅛	97	97½	22/2	11.94	12.28
Citicorp O/S Fin. 6 94	†0⅛	99⅛	99⅝	8/12	12.81	12.89
Citicorp O/S 83	§†0	99⅛	99⅝	23/11	11.83	11.94
Co-operative Bk. 6 86	0⅝	97⅛	98⅛	15/5	15.06	15.37
Creditanstalt 5½ 91	§†0⅛	98	98½	14/12	12.94	13.17
CNT 5⅝ 86	§0⅛	99	99½	16/4	15.19	15.30
GZB 5½ 89	†0⅛	98⅞	99⅜	1/2	16.19	16.33
Jugobanka 8 89	0⅝	94⅞	95⅜	23/11	11⅞	12.47
LTCB Japan 5½ 89	0⅝	96⅜	96⅞	7/12	11⅛	11.28
Mfrs. Han. O/S 5⅝ 94	†0⅛	99	99½	23/11	12.56	12.66
Nacional Fin. 6⅝ 86	0⅝	96½	97	25/1	11½	11.89
Nat. West. 5⅝ 94	§0⅛	97½	98	11/1	14.94	15.28
Nippon Cred. Bk. 6½ 86	0⅝	96⅞	97⅛	12/1	10⅞	11.23
Royal Bk. Scot. 5⅝ 94	§†0⅛	98⅞	99⅜	11/1	14.94	15.11
Soc. C. de Bque. 6½ 87	0⅝	96⅞	97⅛	3/4	13⅛	13.66
Sogenal 5⅝ 89	§0⅛	96⅛	96⅞	11/1	10.81	11.19
Sweden 5⅝ 91	§0⅛	97⅛	97⅝	18/1	15	15.40
TVO Pwr. 9 91 (D-lock)	0⅝	96½	97⅛	24/11	11⅛	11.45
Utd. Overseas Bk. 6 89	†0⅛	97	97½	29/12	12.94	13.31
Williams & Glyn 5⅝ 91	0⅝	97	97½	14/3	13	13.37
Bq. E. d'Alg. 4⅝ 89 SF	0⅝	94½	96	18/12	4⅝	4.46

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅝ 89	10/79	146	91⅞	92⅞	−1⅛	−7.47
Alco Int. Fin. 9½ 94	1/80	40	93⅛	94⅛	−0½	14.51
Asahi Optical 7 94	11/79	605	86⅛	86⅞	+1½	7.46
Canon 6⅝ 94	8/79	570	96	97	+1½	0.62
Ciba-Geigy O/S F. 4 94	9/79	675	87⅛	88⅛	+0⅛	−1.69
Credit Suisse 4⅝ 93	10/79	1325	100	101½	−1⅛	−0.80
Daiei Inc. 6½ 94	11/79	1020	96⅛	97⅛	+0⅛	7.59
Esselte 7⅝ 89	9/79	159	93½	94⅛	−0⅛	−2.45
Honda Motor 5⅝ 89	5/79	532	105⅛	106⅛	+0⅛	−0.07
LPC Internatnl. 8 89	9/79	35	†96	97½	+1⅛	1.84
Meidensha Elec. 7 94	12/79	210	91⅛	92⅛	0	29.92
Mitsubishi Cp. 6½ 94	10/79	504	149½	150	0	2.92
Nippon Seiko 7⅝ 94	12/79	339	85⅞	86⅞	+0⅛	8.06
Nitto Elec. Ind. 6 94	7/79	735	78⅛	79⅛	0	15.99
Toshiba Cpn. 7⅛ 94	10/79	198	94⅛	96⅛	+1⅛	23.76
Union Bk. Switz. 5 89	2/80	125	102½	103⅛	+0⅛	2.06
Fujitsu 5 84 DM	7/79	475	96	96⅞	+0⅛	27.90
Kansai Elec. 4 84 DM	4/79	1234	86	87	+0½	66.41
Tokyo Elec. 3½ 87 DM	4/79	476	98	99	−0½	125.41
Tokyu Ld. Cp. 4 86 DM	4/79	493	77⅛	78½	+0⅛	56.48
Uny Cp. 6⅝ 85 DM	11/79	1071	97⅛	97⅞	+1	24.39

† Only one market maker supplied a price.

* No information available—previous day's price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Rotterdam Airlines gains permission for flights

BY CHARLES BATCHELOR IN AMSTERDAM

TTERDAM AIRLINES AL) has for the second time a granted permission by the tch air traffic authorities to to seven destinations in rope. Opponents of the new line's plan to start operas from Zestienhoven Air-t, near Rotterdam, said, how-r, that they planned to eal against this decision.

AL first gained permission to rate in November 1978, but decision was reversed lier this year by the Council State on appeals from Rotter-a and the other nearby local horities, as well as from test groups. The Council ed that the Transport istry had not allowed the ectors time to put their s.

otterdam wants to use Zestienhoven, just north of the City, for housing, while many of the nearby authorities fear that local people will suffer from aircraft noise. The objectors hope that their second appeal will succeed on the grounds that approval for flights conflicts with a promise made by the Ministry of Housing that no decision would be taken before Parliament had considered the whole question of civil airports. KLM-Royal Dutch Airlines has also objected that over-capacity would be created on some of its routes.

RAL plans to fly to Gatwick, Basle, Luxembourg, Le Havre, Bordeaux, Innsbruck and Klagenfurt. It will begin operating in April 1981 when two Fokker F-28s are delivered. It also has a Boeing 737, which is currently on lease to another airline. RAL will be the Netherlands' fifth airline, after KLM, KLM's domestic subsidiary NLM, Transavia and Martinair.

● Martinair, the Dutch charter airline company, plans to restart flights on the trans-atlantic route from May 19. It will fly three times a week to New York and once to Los Angeles for an American and a Belgian tour operator, while Dutch travel organisations may also participate.

Martinair withdrew from the North Atlantic route a year ago because of tough price competition from the scheduled airlines offering standby and other discount tickets. Since then a capacity shortage had developed and prices had improved, the airline said.

Nestle acquires Roco food group

BY JOHN WICKS IN ZURICH

MAJORITY shareholding in Swiss foodstuffs company, o Conserven Rorschach, been acquired by Nestle SA, Vevey-based parent comy of the Nestle group. Roco, eading Swiss producer of ned, preserved, frozen and y foods, had a 1978 turnover SwFr 143m ($86.6m), and orts a 5 per cent rise in solidated group sales for the 10 months of 1979.

espite the sales rise, Roco a letter to shareholders its to the "continued very atisfactory profit potential the preserved foods sector, least due to the extremely petitive situation within the le and among suppliers." As sult, the company says that profits will be below the geted level, although they aproximate those for last r, when net earnings amounted to SwFr 1.3m ($0.72m).

While domestic sales rose in the first 10 months of this year, the company reports a 25 per cent fall in export turnover, a result primarily of the loss of markets in Iran, Nigeria and Zaire.

The joint venture company in Ireland, Roco Food/Swissco, in which the other partner is Swissair, is reported to have "left the loss zone" in the second quarter of this year. Turnover was up in the first 10 months by 10.9 per cent in terms of Irish pounds.

The Roco board said of the deal that the development of the market and the technical demands on the Swiss consumer goods industry in the past year have made a link with a larger Swiss food company desirable.

The choice of Nestle was influenced by the fact that close connections have existed between the two companies since 1970, when they formed the joint-venture subsidiary Frisco-Findus. This company which, like Roco, will continue to market its products separately, improved sales in value terms by 5.8 per cent in the January-October period. Its activities are centred on ice-cream and frozen foods.

Nestle said yesterday that the acquisition of the majority stake in Roco would enable it to consolidate its interests in Frisco-Findus. Nestle also pointed to the radical changes which have occurred in recent years in the Swiss consumer goods sector, and said that concentration in distribution had necessarily led numerous producers to seek to join forces also.

Indian Airlines increases fares

BY K. K. SHARMA IN BOMBAY

DIAN AIRLINES, the ernment-owned corporation h operates air services on estic routes and to some hbouring countries, yester-raised fares by 30 per cent bid to cut losses arising the steep rise in fuel . The latest estimates were Indian Airlines would e a net loss of about 160m (about $20m) in the ent financial year, compared a profit of Rs 110m last . The loss will now be cut part by the rise in fares, h had remained unchanged eight years.

he fuel bill for the domestic ier has increased by 280m to Rs 760m this year.

India, the Government-ed international airline with ch Indian Airlines now s to integrate its operations, also found that its fuel costs have tripled this year, and intends to raise fares to bring itself out of the red.

The main way in which the two corporations plan to integrate operations are in that Indian Airlines will run an airbus service on the profitable route to the Gulf, where hundreds of thousands of Indian workers are employed in construction and other projects. This will enable Air India to take on more passengers on its west bound services, particularly to European points such as London.

Both the airlines are increasing their fleets—which will now consist mainly of Airbuses and Boeings, to enable them to have common servicing and maintenance establishments. The plans have been formulated by Air Marshal P. C. Lal, who is chairman both of Indian Airlines and Air India, after retiring as the Indian Air Force chief.

By the middle of 1981, Indian Airlines will increase its Boeing 737s to 21. It has just increased its Airbus fleet to six, and by 1981 will have at least two more. In addition, its shorter routes will be operated by Fokker Friendships and Indian-made Avros. It may be forced to reduce some of its services on uneconomical routes now operated mainly to satisfy political demands by some remote states.

Air India plans to phase out its fleet of Boeing 707s, although these will have to be retained until 1982 or 1983. Its present fleet of Boeing 747s is being expanded from seven to ten by next March, and by another two to be delivered in 1982. This will then be the airline's main aircraft. With more Boeing 747s becoming available, Air India will introduce wide body Jumbo aircraft on the India-Japan route next January. This service will be extended to the West Coast of the U.S. by 1982 as part of the airline's plans for expanding its network of routes all over the world.

The decision to acquire Boeings and Airbuses for Air India and Indian Airlines was taken after an evaluation of four aircraft—the Boeings, Airbus, DC-10 and Lockheed TriStar. The choice was based on medium-haul route requirements and overall economy considerations.

The new aircraft are to be financed partly by the airlines themselves, and partly from loans from a syndicate of 12 commercial banks, headed by Midland Bank International and the State Bank of India, under an agreement which enables the syndicate to make available $50m to Air India. The U.S. Export-Import Bank is to make available another $50m, while the Indian Government will provide $61m.

Indian Airlines and Air India are planning expansion on the basis of a contemplated traffic growth rate of 15 per cent every year, although traffic has been rising by an average of around 17 per cent annually since 1974. Last year's growth was as much as 22 per cent.

Both companies face the problem of shortage of technical personnel, since airlines in neighbouring countries, especially in the Middle East, are attracting their technicians with offers of substantially higher pay. Last year the two lost 50 senior engineers to other airlines.

Sasebo reduces first-half deficit

TOKYO — Sasebo Heavy Industries Company, a major Japanese shipbuilder, has announced a cut in its parent company net loss to Y684m ($2.7m) in the first-half, to September, from Y14.84bn (around $60m) in the like period last year. It expects to return to profit in the year to March.

Sasebo said their sales in the latest six months totalled Y19.05bn ($76m), down 27 per cent from the Y25.75bn. They attributed the decline to a drop in the number of ships delivered.

Despite the loss in the latest half, the company expects to earn a profit for the first time in three years by the end of the current fiscal year. This is said to be chiefly the result of a cut in the workforce and suspension of year-end bonuses.

Sasebo's workforce has been declining gradually in recent years as the shipbuilding industry has remained in a prolonged recession. At the peak of the shipbuilding boom in 1976, Sasebo employed 7,100 employees, but there has since been a decline to 3,130.

Sales for the full fiscal year are forecast at Y50bn, up from Y49.47bn the previous year.

For the first-half, Sasebo's sales of new ships, accounting for 34 per cent of business, totalled Y6.41bn, down from Y13.82bn. Revenue from ship repairing came to Y6.08bn, to show a rise from Y5.53bn, and to represent 32 per cent of total sales. Machinery sales, 13 per cent of business, totalled Y2.53bn, down from Y4.43bn a year before.

AP-DJ

AUSTRALIAN BANKING

ANZ earnings overtake the Wales

BY JAMES FORTH IN SYDNEY

THE ANZ banking group has toppled the Bank of New South Wales from its traditional spot as the top profit earner among the private trading banks, with a 41 per cent jump in earnings for the year to September 30. *This took profits of the ANZ* from A$75.9m to A$107.12m (U.S.$117m), just ahead of the Wales' profit for 1978-79 of A$106.8m.

To celebrate, the ANZ board have decided to establish a profit-sharing scheme for staff members to enable them to participate directly in the bank's profitability. The board also proposes another scheme under which staff members will be able to purchase shares in the group under special terms and conditions, both in Australia and, where local regulations permit, overseas. The maximum distribution under this profit participation scheme will be 3.5 per cent of after tax consolidated profit at current tax rates. The distribution will be determined by a formula which will *take into account return on* shareholders' funds and staff productivity and acceptable levels of achievement will have to be attained for a distribution to staff to be made.

Profit allocations to individual staff will also be graded to reflect different levels of responsibility within the group. The first staff allocation will be made out of the 1978-79 profits and will cost the ANZ A$2.82m from after tax earnings, or A$4.91m pre-tax. The directors said they believed the scheme would help to develop the involvement and contribution made by staff at all levels.

Under the share purchase scheme it is proposed that the staff will be entitled to buy specified numbers of ANZ shares depending on their career *achievement and years of service*. The total number of shares issued to staff at any one time will not exceed 5 per cent of the issued capital.

The board has also recognised the record result with a lift in the annual dividend payment from 20 cents a share to 22 cents. The higher payout is covered by earnings of 84.5 cents a share compared with 74.9 cents in the previous year. A major factor in the improvement was an 83 per cent jump in earnings of the trading bank operations from A$27.7m to A$50.7m. Australian Savings Bank profits rose 16 per cent from A$19m to A$22.1m, while the New Zealand Savings Bank almost doubled earnings from NZ$1.14m to NZ$2.17m ($U.S.$2.1m).

As previously reported, the *wholly-owned finance company* offshoot, Esanda only lifted profit by 12 per cent to A$12.8m.

The directors said that improved margins between assets and liabilities held at interest: a material increase in the level of deposits bearing no interest; a reduced statutory reserve deposit requirement; containment of expenses; and improved commission earnings contributed to the gain earnings. *Total* revenue of the ANZ rose from A$1.05bn to A$1.22bn, but still lagged behind The Wales at A$1.49bn.

CSR buys Shell stake in Thiess

BY OUR SYDNEY CORRESPONDENT

CSR, the industrial and mining group, is within sight of winning outright control of Thiess *Holdings after the weekend* purchase of the Shell oil group's strategic 15.8 per cent stake in the coal, construction and motor vehicle group. CSR bought 19 per cent of Thiess in a share-*market operation last* month and then launched a bid for the remainder of the capital, which valued the *Thiess* group at A$465m (U.S.$508m). The Thiess board has resisted the offer but Shell's sale now gives CSR 34.8 per cent of the capital. Moreover, the life office, The Amp Society, has already indicated that it considers the CSR bid fair and intends to accept. This would give CSR just over 44 per cent of the capital, and almost certain victory.

The CSR camp has been confident *from the start that it* would obtain the Shell and Amp holdings, but the Thiess board believed that Shell, at least, would remain neutral for the time being. Thiess and its advisers, Merchant Bank BA (Australia) and sharebrokers Potter Partners, have been trying to organise a counter bid but this now appears unlikely. Shell took the cash offer of A$6.74 a share, which brought it A$70m, rather than the alternative of five CSR shares plus A$5.40 cash for each four Thiess shares.

The Shell sale follows weekend meetings between executives of CSR and the oil group. It has been agreed that, when CSR's offer succeeds, Shell will participate as a minority venturer in the steaming coal ventures of Theodore and Callide (both in Queensland) and Drayton (NSW).

Shell is already a partner in Drayton with Thiess. It originally had a 49 per cent stake, but when it purchased a direct interest in Thiess in 1976 the New South Wales state government stipulated that Shell lower its interest to 44.5 per cent. Shell expects its stake will again revert to 49 per cent, now that it has sold its stake in Thiess. Mr. Leslie Froggatt the Shell chairman yesterday resigned from the Thiess board

Spending plans at Suzuki

By Richard C. Hanson in Tokyo

SUZUKI MOTOR COMPANY, *which launched a strong capital* spending programme for the next two years, has reported a record net profit of Y2.45bn ($9.96m) for the half-year to September 30. Sales rose by 16.3 per cent to Y154.73bn. Sales of minicars and small trucks were brisk.

The company, along with other car makers, is to step up spending on new plant, equipment and development. Over the next two years, an estimated Y120bn will be spent for such purposes.

SOUTH AFRICAN LIQUOR INDUSTRY

The two giants come to terms

BY JIM JONES IN JOHANNESBURG

THE ROAD to the creation of South African Breweries' and Rembrandt's liquor fiefdoms agreement, announced last week, has taken more than ten years to travel. Since as long as anyone cares to remember, South African Breweries has been the dominant force in the country's beer industry—and that in a country where beer drinkers display a degree of brand loyalty almost unequalled elsewhere in the world. There were other independent brewers, but in 1968, SA Breweries absorbed the Stag and Old Dutch breweries. Then in 1970, Whitbread of the UK, abandoned an attempt to break into the domestic market, and sold out to South African Breweries.

Even then, however, a more powerful challenge to SAB's *position was germinating* Louis Luyt, the Afrikaner entrepreneur, gave up his *attempt to challenge* South African Breweries in 1973, and sold his smaller breweries to Rembrandt for incorporation into Intercontinental Breweries.

Rembrandt at that stage may have thought that establishing a firm market base would be as easy as it had been to become South Africa's largest tobacco and cigarette manufacturer. But in South African Breweries, and in that company's loyal customers (particularly black beer drinkers), it met a stumbling block. Not that Rembrandt did not throw everything into the fight. Though its breweries were smaller and less widespread, it had a cost advantage over South African Breweries. In Rembrandt's favour was the Government's lowering of excise duties on beer brewed in smaller facilities.

That was three years ago, and it was then that the country's beer war started in earnest. Dr. Anton Rupert, the Rembrandt chairman, was prepared to commit substantial funds to fighting South African Breweries in the market. He estimated that the key to attaining a firm beer sales base was through control of retail liquor outlets. A year ago, his group acquired a 49 per cent stake in Gilbeys—South Africa's third-largest liquor group—which controls some 100 retail outlets. This gave Rembrandt effective control of about 450 outlets.

South African Breweries, had, however, been taking steps of its own. Apart from diversifying into such fields as retailing, furniture and hotels, it was in 1978 on the takeover trail of the independent liquor retailer, Union Wine. Union operates 24 hotels, 24 off-sales liquor stores and 30 liquor stores. But the Government took a hand and blocked the proposed SAB-Union merger on the grounds that it would diminish competition.

No figures were officially placed on what Rembrandt was prepared to commit to the fight, but Dr. Rupert went on record as aiming for an initial 20 per cent market share. And sources within Rembrandt indicated unofficially that the group was prepared to sink R40m (US$48m) into building up its market share.

It was an attempt that failed. At best, though Rembrandt made inroads into the white Transvaal market, its marketing impact on black drinkers was limited, while in the other provinces, penetration of the white market was lower. Thus after almost three years of marketing effort, Rembrandt held an uneconomic market share of about 8 per cent. And the cost of even holding that market share was hurting the group, whose annual attributable profits are currently pressing against the R100m mark. Meanwhile, the marketing efforts of the two groups had been diverted away from wine. For most of the decade, annual wine sales have stagnated at around 200m litres, while beer sales have advanced through the 600m litres level.

THE REORGANISATION OF THE SOUTH AFRICAN LIQUOR INDUSTRY ANNOUNCED LAST WEEK ENDS A MARKET WAR BETWEEN SOUTH AFRICAN BREWERIES AND REMBRANDT

Not only that, but stagnant wine sales and the wine market structure was taking its toll on the country's 6,000 politically vocal wine farmers.

The Board of Trade earlier this year had initiated an in-depth inquiry into the liquor industry, while the Government had set in train anti-monopoly legislation—legislation that was expected to be promulgated early in 1980.

Rationalisation proposals now approved by an amenable Government give South African Breweries all of Rembrandt's brewing interests, while SAB is placing its wine and spirits interests in a new company, Cape Wine and Distillers. Cape Wine will also take in Rembrandt's Oude Meester wines and spirits operations.

The independent wine farmers could not be ignored—and able to sell only to one large wines and spirits manufacturer. Thus the Kooperatiewe Wijnbouwers Vereeniging (KWV) became a party to the deal. KWV represents the country's wine farmers. At a price of R50m it is purchasing a 30 per cent share in Cape Wine—a share which matches those of Rembrandt and South African Breweries.

The remaining 10 per cent of Cape Wine will be eventually sold to the public, though independent wine farmers will be preferred in share allocations. Meanwhile, Cape Wine will be managed by Rembrandt.

As a further step in the industry's rationalisation, both liquor groups are to dispose of their retail outlets over the next 12 years. But the rationalisation leaves many questions unanswered.

Independent liquor distributors such as Union Wine, and Rennies Liquor Holdings were not party to the discussions. These two groups are currently examining the new situation. They have wine production facilities, but fear that they will eventually be forced to sell out to the new company.

South African Breweries has announced that it will hold beer prices at current levels until 1981. But that means that list prices will be held while substantial discounts which were until now available to retailers could disappear. That could have an immediate impact on SAB's profits and allow the group to operate the previously loss-making Rembrandt-owned breweries at a profit.

With control of a major part of the country's wine and spirits manufacturing interests managed through Cape Wine, and a legal prohibition on any new retail chains holding more than five liquor licences, Rembrandt's profitability seems set to advance strongly. It no longer has the cash drain of brewing and is to receive a cash injection of R75m from the sale of its breweries and the transfer of wine and liquor interests.

Managing government debt: the case for indexed securities

BY DAVID WILKIE

ONCE AGAIN the Government has been faced with a crisis in its funding programme. After a year of comparatively low inflation and a regular flow of successful new issues, prospective lenders see the certainty of higher inflation now and the prospect of greatly increased uncertainty about inflation levels in the future.

No prudent lender should put out money on long term at fixed interest in a climate of high and uncertain inflation and no prudent borrower has any business to be taking on such uncertain liabilities.

The massive issues of Government stock since 1975 have been taken up to a very great extent by pension funds and insurance companies, whose net investment in gilts in 1975 to 1978 was £13bn, which is well over half the net official sales of Government stock, and not much less than the total of interest paid (gross) on the marketable debt in the same period.

There were rather special reasons why life assurance companies were prepared to increase their holdings of fixed interest stock after 1974; but these reasons may now have much less weight. There are no good reasons why pension funds, whose liabilities are almost all fixed in "real" terms, should buy fixed interest stock except as a speculation on falling inflation.

The Government can no longer rely on a continuing flow of funds, put up as hostages to the fortunes of future inflation. There has to be a serious reappraisal of the whole management of the long term debt. Index-linked securities provide the key to solving this impasse.

● What they are:

Imagine an index-linked government stock with an initial nominal of £100 and a coupon of say £3 payable half-yearly. At each interest payment and at redemption the current nominal value is calculated as the initial nominal amount ratioed by the latest retail price index divided by the retail price index at the issue date. The interest payment is then 1½ per cent of the current nominal, which equals £1.50 ratioed by the same price indices.

Thus, if the retail price index (RPI) is 150 when the stock is issued and changes to 157.3 in six months' time when the first interest payment is due, the current nominal would be 100 x 157.3 ÷ 150 = 104.87, and the interest payment would be 1½ per cent of £104.87 = £1.57 which also equals £1.50 x 157.3 ÷ 150. If at redemption, the RPI were 1009.1, the current nominal would be 100 x 1009.1 ÷ 150 = 672.73, the final interest payment would be £10.09 and the amount paid at redemption would be £672.73.

The example assumes exactly 10 per cent inflation each year over 20 years. If inflation actually did turn out to be at that level, then the stock would give the same benefit as a 13.3 per cent fixed interest stock where a tax-free investor took only 3 per cent income and reinvested (also at 13.3 per cent) all the rest of his interest. However, if inflation turns out to be at only 5 per cent a year the benefit under the indexed stock is lower, and if inflation turns out to be at 15 per cent a year the benefit under the indexed stock is higher. Nevertheless the *real* spending power of the indexed income is known and certain, whereas the real value of the fixed interest stock is speculative.

> ❛The logical conclusion is that index-linked securities are the key to resolving an impasse❜

In practice the retail price index of about three months prior has to be used since it has to be the latest known at each ex-dividend date.

If the Government chooses to guarantee that the current value will never be taken as less than the initial nominal, so much the better for the lenders, but it is not essential.

Acceptable

Such securities could be traded in the usual way, but the current nominal per £100 initial nominal would need to be considered. Redemption yields could be calculated and quoted in "real terms" as opposed to "fixed money terms."

● **Tax position:**

If there were no changes in the tax laws, interest would be taxed as interest and the capital repayment would (for government stock) be free of capital gains tax. They would thus be acceptable investments. They would be attractive to high-taxpayers, but that market would soon be saturated, especially for longer-term stocks, so the price would settle down to give a yield suitable for life offices and pension funds.

Company loans under present tax laws are impractical. The money capital gain on redemption would be subject to capital gains tax, and has to be paid out of after-tax earnings.

● **Coupons:**

It would be normal to expect coupons around 2 to 3½ per cent, which used to be the rate of interest in non-inflationary times. At present a loan could probably be successful at a coupon of 1 per cent; but the market would soon tell what was appropriate.

Current long-term fixed interest rates are around 13 per cent. On a gross basis 3 per cent indexed plus inflation averaging 10 per cent would be equivalent. But if inflation is different from 10 per cent then one investment would turn out to be better than the other. The fixed interest stock is "risky" if one wants real returns, the indexed stock is "risky" if one wants money returns.

● **Advantages:**

Indexed stocks restore equity between borrower and lender. Long term fixed money stocks are now such a gamble that one side or the other will probably lose heavily, and the other side gain. Companies and most individuals are no longer prepared to take this gamble, and long term borrowing by companies has, predictably, ceased.

The only participants now are the Government on the one hand and life offices and pension funds on the other. The latter are taking a huge gamble since their liabilities, being expressed as fractions of final salary, are indirectly linked to inflation (or inflation plus real earnings increases). The Government can afford the gamble because they can ensure that inflation is always higher than expecte when stocks were issued.

● **Advantages to the Govern ment:**

At present the Governmen has to borrow some £8bn year to pay debt interest. I can continue to borrow thi from institutions because the receive the interest and have t reinvest it. But the borrowin requirement cannot be signif cantly reduced and inflatio cannot be reduced much belo 10 per cent without this deb interest having to be paid fro taxes. A recent Bank of Englan Discussion Paper by Taylor an Threadgold shows that th "real" PSBR was quite smal until 1978—when inflation an hence the government's infl tionary gains were lower. Th real cost of debt was shown u in that year. Taxpayers will no put up with a government tha raises sufficient taxes to pay a 1 per cent real return.

With indexed stocks (perhap even replacing existing stock by a conversion offer) the Gov ernment could reduce its deb interest and could afford t bring inflation down. If it wa unsuccessful in this, at least th lenders would have received fair bargain.

● **Advantages to Savings Institu tions:**

Most pension fund liabilitie are "real" rather than mone Indexed stocks are thei natural investment. Many lif office liabilities are "real" a second hand, though with fixe money guarantees. All sourc investors want real returns nc money returns. Only interm diaries who have fixed mone liabilities find fixed interes assets desirable.

The existence of indexe securities would allow lif offices to develop indexed cor tracts and offer policyholders sensible bargain again. Thi development would be eased b sensible changes in the qualify ing policy and stamp duty rule to allow fully indexed premium and sums assured.

● **Advantages to Companies:**

If the rules on company tax ation were changed to allov repayment out of pre-tax profits then companies could sensibl start issuing fixed-interest stoc again, in an indexed form. Ob viously they would have to be careful not to gear up exces sively with this sort of issue but this was a problem for them in pre-inflationary days in any case. The advantages are the easing of cash-flow problems — in the early years much less in terest is likely to be paid — and the greater certainty of being able to repay the indexed loans. With fixed-interest rates at 13 per cent and uncertainty about inflation, no company wishes to take the risk of being saddlec with expensive *real* debt; but 3 per cent index-linked debt i quite manageable.

● **Problems:**

Four arguments are com monly put against the issue o indexed stocks, none of them substantial:

First, the Government woul be the only possible issuers anc would crowd out all new bor rowing. But it already does: i recent years over 90 per cen of new issues in the UK hav been government stocks. A sut stantial shift to indexed stock would reduce the Government' requirement for new issues.

Second, the anomaly of taxin monetary capital gains rathe than real capital gains would b exposed. But the anomal exists anyway, and would b made no worse by issuing ir dexed stocks.

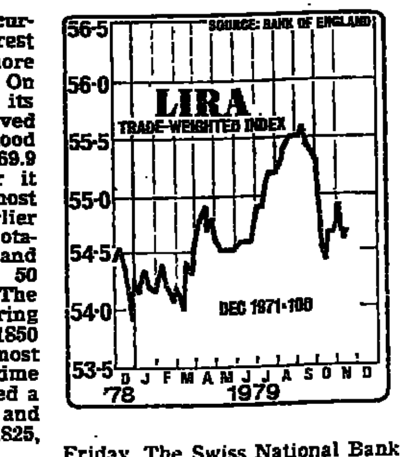
Third, the "standing" o equities and of existing fixe interest stock would b diminished. But not if indexe stocks were issued at low coupo rates.

Fourth, there would b political demands for indexin of all sorts of other payments especially wages. The indexin of other *long-term* fixed cor tracts such as rents would i fact not be unreasonable. Bu no trade union would agree to or be bound by, a long tern fixed but indexed contract fo wages with no renegotiation o either side, and no employe need grant indexing of wage without such a fixed contract.

The logical conclusion is tha index linked securities are the key to resolving an impasse ir the management of governmen debt. In themselves they wil not cure inflation, but they wil remove a present obstruction t the reduction of inflation.

David Wilkie is Research Actuar of the Standard Life Assuranc Company.

Sterling firm



Sterling rose against most currencies yesterday as high interest rates made sterling appear more attractive in the short term. On Bank of England figures, its trade weighted index improved to 69.8 from 69.4, having stood at 69.7 in the morning and 69.9 at noon. Against the dollar it opened at $2.1640-2.1650 and most trading took place in the earlier part of the day. However quotations were still very erratic and the dollar was traded on a 50 point spread at one time. The pound touched $2.1920 during the morning but eased to $2.1850 later in the day. News of most U.S. banks increasing their prime rates to 15¾ per cent prompted a small demand for the dollar, and sterling closed at $2.1815-2.1825, a rise of 2.3c from Friday.

The dollar finished lower compared with Friday's levels, but managed to recover slightly from the day's lows. The U.S. unit lacked any real direction in the light of current uncertainties surrounding Iran, and against the D-mark it fell to DM 1.7610 from DM 1.1770 and to SwFr 1.6390 from SwFr 1.6460 in terms of the Swiss franc. It was also weaker against the Japanese yen at Y245.20 compared with Y246.40. On Bank of England figures, the dollar's trade weighted index fell from 86.9 to 86.5.

FRANKFURT—There was no intervention by the Bundesbank yesterday when the dollar was fixed at DM 1.7638, down from Friday's level of DM 1.7844. Uncertainty over Iran may have pushed investors out of dollars with dealers predicting a further weakening of the U.S. unit until the situation becomes clearer. Outside the fixing the Bundesbank may have given a small amount of support to steady trading.

...ZURICH—The Swiss franc fell to its lowest level this year against the D-mark, with the latter rising to SwFr 92.99 per DM 100 against SwFr 92.83 on Friday. The Swiss National Bank may have sold D-marks in the forward market in support of its currency. Despite the Swiss franc's fall, dealers were optimistic that the weaker tendency was only temporary.

MILAN — The dollar was weaker against the Italian lira at L823.45 compared with L829.30 on Friday. Uncertainty over the Iranian situation saw the dollar fall to a six week low, with the Bank of Italy selling $13m at the fixing. Sterling rose quite sharply to L1,799.30 from L1,778.75 and EMS currencies also showed a firmer trend. The D-mark was fixed at L466.60 from L464.66, while the French franc rose to FFr 198.95 from FFr 198.33.

TOKYO — The dollar fell to Y246.35 in quiet trading, and compared with a close on Friday of Y247.35. After opening at Y246.80, the U.S. unit touched a high for the day of Y247.10, but fell back as the Bank of Japan intervened in the market by selling an estimated $40m. There was no real trend in the market yesterday as dealers were waiting for some clear developments in the Iranian situation.

THE DOLLAR SPOT AND FORWARD

Nov. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1640-2.1920	2.1815-2.1825	0.47-0.37c pm	2.31	0.90-0.80 pm	1.56
Ireland†	2.0920-2.0890	2.0935-2.0965	0.80-0.60c pm	4.29	1.70-1.40 pm	2.96
Canada	1.1800-1.1812	1.1800-1.1803	0.12-0.08c pm	1.52	0.36-0.32 pm	1.15
Nethlnd.	1.9650-1.9690	1.9670-1.9680	0.92-0.82c pm	5.31	2.40-2.30 pm	4.78
Belgium	28.52-28.59	28.55-28.57	4-3c pm	1.47	8-5 pm	0.89
Denmark	5.2130-5.2250	5.2135-5.2150	1.85-2.25ore dis	−4.83	4.40-4.90dis	−3.57
W. Ger.	1.7590-1.7750	1.7605-1.7615	1.03-0.93pf pm	6.68	2.98-2.88 pm	6.65
Portugal	50.10-50.40	50.15-50.25	15-25c dis	−4.79	38-68 dis	−4.22
Spain	66.22-66.32	66.22-66.28	10-30c dis	−3.62	50-80 dis	−3.92
Italy	822.60-828.00	827.75-828.50	1.00-1.50lire dis	−1.81	5.00-5.75dis	−2.60
Norway	5.0070-5.0155	5.0075-5.0080	1.00-0.25ore pm	1.50	2.75-2.00 pm	1.90
France	4.1360-4.1415	4.1380-4.1400	0.80-0.70c pm	2.28	2.40-2.20 pm	2.19
Sweden	4.2000-4.2065	4.2000-4.2015	1.65-1.40y pm	7.22	4.55-4.40 pm	7.30
Japan	245.25-246.50	245.15-246.25	7.90-7.30gro pm	7.15	22.50-22.00pm	7.02
Austria	12.670-12.760	12.670-12.680	1.75-1.70c pm	12.83	4.65-4.60 pm	11.29
Switz.	1.6345-1.6550	1.6385-1.6395				

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1640-2.1920	2.1815-2.1825	0.47-0.37c pm	2.31	0.90-0.80 pm	1.56
Canada	2.5550-2.5810	2.5720-2.5730	0.80-0.70c pm	3.50	1.75-1.65 pm	2.66
Nethlnd.	4.27¼-4.33	4.29¼-4.30¼	3-2c pm	6.98	7-6 pm	6.05
Belgium	62.15-62.80	62.30-62.40	20-10c pm	2.89	42-32 pm	2.37
Denmark	11.35-11.46	11.37-11.38	1-2¼ore dis	−1.85	4½-6¼ dis	−1.85
Ireland	1.0390-1.0465	1.0400-1.0410	0.05-0.15p dis	−1.15	0.22-0.32dis	−1.04
W. Ger.	3.83-3.88	3.84-3.85	3¼-2¼pf pm	8.58	8¼-7¼ pm	8.06
Portugal	109.10-110.70	109.40-109.70	par-50c dis	−4.38	35-185 dis	−4.02
Spain	143.80-145.50	144.45-144.55	par-50c dis	−2.08	115-125 dis	−3.32
Italy	1,781-1,809	1,798-1,799	3-5lire dis	0.13	1¼-3¼ dis	0.50
Norway	10.89-11.00	10.92¼-10.93¼	4¼-2¼ore pm	3.84	10¼-8¼ pm	3.38
France	9.00-9.09	9.03-9.04	3¼-2¼c pm	4.32	7-6 pm	2.88
Sweden	9.15-9.23	9.16¼-9.17¼	3-1ore pm	3.93	9¼-7¼ pm	3.71
Japan	530-540	534¼-535¼	4.60-4.15y pm	9.59	11.85-11.50pm	8.77
Austria	27.60-27.83	27.63-27.68	25-15gro pm	8.68	65-55 pm	8.68
Switz.	3.56-3.61	3.57¼-3.58¼	4¼-3¼c pm	13.84	11¼-10¼ pm	12.58

Belgian rate is for convertible francs. Financial franc 63.50-63.60. Six-month forward dollar 1.45-1.41c pm, 12-month 3.30-3.20c pm.

CURRENCY RATES

Nov 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.601524	0.647511
U.S. $	12	1.29087	1.39377
Canadian $	14	1.52368	1.64729
Austria Sch.	3¾	16.5761	17.8890
Belgian F	11	37.8361	40.2520
Danish K	11	6.81321	7.54307
D Mark	6	2.30348	2.48690
Guilder	8½	2.56403	2.76872
French Fr	9½	5.40858	5.82247
Lira	12	Unavail	1155.78
Yen	6¼	320.007	344.400
Norwgn. Kr.	7	6.53245	7.05947
Spanish Pts	8	85.5583	92.7065
Swedish Kr.	8	5.47226	5.91059
Swiss Fr.	2	2.13704	2.30529

CURRENCY MOVEMENTS

Nov. 19	Bank of England Index	Morgan Guaranty changes %
Sterling	69.8	−56.0
U.S. dollar	86.5	−6.6
Canadian dollar	80.4	−17.6
Austrian schilling	156.9	+23.7
Belgian franc	115.5	+14.2
Danish kroner	115.1	+2.7
Deutsche mark	157.7	+46.6
Swiss franc	200.8	+80.8
Guilder	124.4	+18.9
French franc	101.7	−5.7
Lira	55.7	−50.2
Yen	116.2	+14.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 19	£	$		Note Rates
Argentina Peso	3588-3408	1550-1560	Austria	27.70-28.00
Australia Dollar	1.9225-1.9945	0.9120-0.9125	Belgium	63.20-63.90
Brazil Cruzeiro	57.40-58.40	26.90-31.35	Denmark	11.39-11.47
Finland Markka	8.22-8.24	3.7690-3.7710	France	9.02-9.09
Greek Drachma	80.527-82.456	37.28-37.40	Germany	3.84-3.87
Hong Kong Dollar	10.945-10.985	5.0210-5.0250	Italy	1805-1865
Iran Rial	n/a	n/a	Japan	532-537
Kuwait Dinar (KD)	0.603-0.613	0.2767-0.2768	Netherlands	4.28¼-4.31¼
Luxembourg Frc.	62.30-62.40	28.56-28.58	Norway	10.95-11.01
Malaysia Dollar	4.7570-4.7870	2.1915-2.1925	Portugal	106-114
New Zealand Dlr.	2.2375-2.2395	1.0240-1.0265	Spain	143¼-152¼
Saudi Arab. Riyal	7.29-7.39	3.3595-3.3710	Switzerland	3.57-3.60
Singapore Dollar	4.7460-4.7760	2.1855-2.1865	United States	2.18¼-2.20¼
Sth. African Rand	1.8140-1.8190	0.8300-0.8305	Yugoslavia	45¼-46¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.8456	40.2781	+1.09	+1.09	±1.53
Danish Krone ...	7.36594	7.35082	−0.21	−0.21	±1.635
German D-Mark	2.48657	2.48506	−0.02	−0.02	±1.125
French Franc ...	5.85522	5.82996	−0.43	−0.43	±1.3575
Dutch Guilder ...	2.74748	2.77416	+0.97	+0.97	±1.515
Irish Punt ...	0.669141	0.672816	+0.55	+0.55	±1.665
Italian Lira ...	1159.42	1159.69	+0.02	+0.02	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Nov. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.182	3.845	535.0	9.035	3.578	4.300	1795.	2.573	62.35
U.S. Dollar	0.458	1.	1.762	245.2	4.141	1.640	1.971	822.4	1.179	28.57
Deutschemark	0.260	0.567	1.	139.1	2.350	0.930	1.118	466.7	0.669	16.22
Japanese Yen 1,000	1.869	4.078	7.187	1000.	16.89	6.687	8.037	3354.	4.808	116.5
French Franc 10	1.107	2.415	4.256	592.1	10.	3.960	4.759	1986.	2.847	69.01
Swiss Franc	0.280	0.610	1.075	149.5	2.528	1.	1.202	501.6	0.719	17.43
Dutch Guilder	0.233	0.507	0.894	124.4	2.101	0.832	1.	417.3	0.598	14.50
Italian Lira 1,000	0.557	1.216	2.143	298.1	5.035	1.994	2.396	1000.	1.434	34.75
Canadian Dollar	0.389	0.848	1.495	208.0	3.512	1.391	1.672	697.6	1.	24.24
Belgian Franc 100	1.604	3.500	6.167	858.1	14.49	5.738	6.897	2878.	4.126	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.50-14.60 per cent; three months 15.25-15.35 per cent; six months 14.90-15.00 per cent; one year 13.65-13.75 per cent.

Nov. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17¾-18	13-13¼	10-11	9⅜-9⅝	3⅛-3⅜	7¾-7⅞	11⅞-12⅛	11-13	—	4⅝-5¾
7 days' notice	17⅝-17⅞	13¼-13½	12½-13¼	9⅞-9⅜	2⅝-2⅞	7⅛-7⅝	12-12¼	12-14	11⅞-11⅞	6⅞-7¼
Month	17⅝-17⅞	14⅜-14⅝	13¼-13¾	9¼-9⅞	2⅞-2¹³⁄₁₆	8⅛-8¼	12¾-13	14¼-15¼	14¼-14⅜	7⅛-7⅜
three months	16⅞-17⅛	15¼-15⅜	14-14½	10¼-10⅝	4-4⅛	8⅞-8⅞	13¼-14	15⅛-17¼	15-15¼	7¼-7⅞
six months	16⅛-16⅞	15⅛-15⅜	14⅛-14⅜	10¼-10⅝	4⅝-4¹¹⁄₁₆	8¾-8⅞	13½-14⅛	17-18	15-15¼	7½-7¾
one year	15¼-15⅛	13⅞-14⅛	13⅝-15⅝	10-10⅜	4⅝-4⅞	8⅜-8½	13⅞-14⅛	16⅞-17⅜	13⅞-14⅛	6⅞-7⅜

Long-term Eurodollar two years 13-13⅛ per cent; three years 12⅞-12⅞ per cent; four years 12⅞-12⅞ per cent; five years 12⅞-12⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates firm

European short-term interest rates were slightly firmer in places yesterday, with Paris call money rising to 11⅞ per cent from 11¾ per cent, and Frankfurt day-to-day funds to 7.50-7.70 per cent from around 7 per cent.

PARIS — One-month money rose to 12⅛-12⅜ per cent from 12⅛-12¼ per cent, while three, six and 12-month were unchanged at 12¼-12⅞ per cent.

FRANKFURT — One - month funds rose to 8.20-8.30 per cent from 8.15-8.25 per cent. Three-month money was quoted at 9.50-9.70 per cent, compared with 9.60-9.70 per cent, six-month rose to 9.40-9.50 per cent from 9.20-9.30 per cent, and 12-month to 9.00-9.25 per cent from 8.90-9.00 per cent.

AMSTERDAM — Call money was quoted at 9¼-9½ per cent, compared with 9¼-9¾ per cent on Friday, but terms rates were easier. One-month fell to 9¼-9½ per cent from 10-10⅛ per cent; three-month to 10¼-10⅜ per cent from 10⅞-11 per cent; and six-month to 10¼-10½ per cent from 10⅞-10⅝ per cent.

BRUSSELS—One-month funds rose to 14⅞-14⅞ per cent from 13¼-14 per cent, while three-month and six-month were unchanged at 14⅞-14⅞ per cent, and 14-14⅛ per cent respectively. 12-month money firmed to 13⅞-13⅞ per cent from 12⅞-13⅛ per cent.

SINGAPORE—Several Singapore based Japanese banks raised their prime rates to 9½ per cent from 9 per cent, while Kwong Lee Bank of Malaysia increased its prime rate to 9 per cent from 8½ per cent, and Swiss Bank Corpn. to 9½ per cent from 9 per cent.

HONG KONG — The money market was stable with call money at 10½ per cent, and overnight at 10 per cent.

UK MONEY MARKET

Moderate shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Short-term fixed period interest rates were slightly easier in the London money market yesterday, with discount houses buying Treasury bills for three-month Treasury bills falling to 15⅞-16⅛ per cent from 16⅛-16⅞ per cent, indicating a Bank of England Minimum Lending Rate of 16⅞-16⅞ per cent, under the old market related formula.

Day-to-day credit was in short supply, and the authorities gave moderate assistance by buying a moderate amount of Treasury bills and a small number of local authority bills from the houses. Government disbursements were moderately in excess of revenue payments to the Exchequer, but this was outweighed by a small net take-up of Treasury bills to finance, slightly run-down balances brought forward by the banks from Friday, and settlement of official sales of gilt edged stock to the market.

Discount houses paid 16-16⅞ per cent for secured call loans in the early part, with rates touching 16⅞ per cent, before closing at 16-16⅞ per cent.

In the interbank market overnight loans finished at 16⅞-17 per cent, after touching 18⅛ per cent.

Rates in the table below are nominal in some cases.

GOLD

Quiet trading

Gold traded very quietly for most of the day in the London bullion market yesterday and finished unchanged from Friday at $390-391 an ounce. The metal opened at $387¼-388¼, which was its lowest level for the day, and rose to a morning fixing of $390.00. It touched a best level of $390¼-391¼ before coming back to $389.85 at the afternoon fixing.

In Paris the 12¼ kilo bar was fixed at FFr 54,000 per kilo ($405.45 per ounce) compared with FFr 54,000 ($405.59) in the morning and FFr 54,300 ($403.94) on Friday afternoon.

In Frankfurt the 12¼ kilo bar was fixed at DM 22,195 per kilo ($391.73 per ounce) against DM 22,210 ($387.02) previously.

	November 19		November 16	
	Gold Bullion (fine ounce)			
Close	$390-391	(£178½-179)	$390-391	(£180½-181)
Opening	$387¼-388¼	(£178½-179)	$386¼-387¼	(£179¼-180¼)
Morning fixing	$390.00	(£178.188)	$386.75	(£179.684)
Afternoon fixing	$389.85	(£178.119)	$390.35	(£180.009)
	Gold Coins			
Krugerrand	$401½-402½	(£183¼-184¼)	$401¼-403	(£185¼-186¼)
Maplesleaf	$400-410	(£183-188)	$400-410	(£185-190)
New Sovereigns	$100½-101½	(£46-47)	$100½-101½	(£46¼-47¼)
King Sov.	$109-111	(£49¼-51¼)	$109-111	(£50-52)
Victoria Sov.	$110-112	(£50¼-52¼)	$109½-111½	(£50¼-52¼)
Fr 20 Napoleon	FF405-410	(SFr160¼-162¼)	FF403-408	(SFr160-162)
50 pesos Mexico	$485-487		$486¼-488¼	
100 Cor. Austria	$379¼-380¼		$380-382	
$20 Eagles	$500-505		$500-503	
$10 Eagles	$260-275		$260-275	
$5 Eagles	$225-245		$225-245	

LONDON MONEY RATES

Nov. 19 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16⅝-18⅛	—	—	—	17-17¼	16-16¾	—	—	—
2 days notice	—	—	17⅛-17½	—	—	—	—	—	—	—
7 days or 7 days notice	—	17-17¼	17½-17⅝	—	17½	17½	16⅝-16⅝	—	—	—
One month	17⅝-17½	17¼-17½	17-17⅜	18½-18	17¾	17¾	16½	16	17⁹⁄₁₆	18¼
Two months	17¼-17⅛	17⅜-17⅝	—	17¾-17½	17⅝	—	16½	16¹⁄₁₆	17⅝	18
Three months	17⅛-16⅞	17⅛-17¼	17-17⅛	17½-17¼	17½	17⅝	16½	15¹⁵⁄₁₆-16⅛	16¾	17½
Six months	16½-16⅜	16¾-16¾	16⅜-16⅝	15⅞-15⅜	17⅛	—	—	—	15¾	16⅝
Nine months	15⅞-15¾	16⅞-16¼	—	15⅞-15⅜	16½	—	—	—	—	—
One year	15½-15	15⅝-15⅞	15¼-15⅝	15½-15¼	16½	—	—	—	—	—
Two years	—	—	15¼-15½	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15-15⅛ per cent; four years 15-15⅛ per cent; five years 15-15⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛ per cent; four-month trade bills 17 per cent.

Approximate selling rates for one-month Treasury bills 15⅞ per cent; two-month 16 per cent; three-month 15⅞-16 per cent. Approximate rates for one-month bank bills 17⅛ per cent; two-month 17 per cent; and three-month 17⅛ per cent; one-month trade bills 18 per cent; two-month 17⅞ per cent, three-month 17⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14⅞ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1843 per cent.

MONEY RATES

NEW YORK

Prime Rate	15⅞-15¾
Fed Funds	13¾-13⅞
Treasury Bills (13-week)	11.82
Treasury Bills (26-week)	12.05

GERMANY

Discount Rate	6
Overnight Rate	7.60
One month	8.25
Three months	9.60
Six months	9.45

FRANCE

Discount Rate	9.5
Overnight Rate	11.875
One month	12.4375
Three months	12.8125
Six months	12.8125

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.625
Bills Discount (three-month)	8.25

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on November 19, 1979. In some cases market rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	98.00
Albania	Lek	10.48
Algeria	Dinar	8.5605
Andorra	French Franc / Spanish Peseta	9.035 / 144.50
Angola	Kwanza	n/a
Antigua (S)	E. Caribbean $	5.90
Argentina	Ar. Peso Free Rate	3,398
Australia (S)	Australian $	1.9935
Austria	Schilling	27.655
Azores	Portug. Escudo	109.55
Bahamas (S)	Ba. Dollar	2.1820
Bahrain (S)	Dinar	0.795
Balearic Isles	Spa. Peseta	144.50
Bangladesh (S)	Taka	35.31
Barbados (S)	Barbados $††	4.3665
Belgium	B. Franc	(cm) 62.35 / (fn) 63.50
Belize	B $	4.3665
Benin	C.F.A. Franc	451¾
Bermuda (S)	Bda $	2.1820
Bhutan	Indian Rupee	17.55 (sg)
Bolivia	Bolivian Peso	44.17
Botswana (S)	Pula	1.8080
Brazil	Cruzeiro	57.90
Brit. Virgin Isles (S)	U.S. $	2.1820
Brunei (S)	Brunei $	4.7700
Bulgaria	Lev	1.8145
Burma	Kyat	14.7100
Burundi	Burundi Franc	196.40
Cameroon Repub'c	C.F.A. Franc	451¾
Canada	Canadian $	2.5725
Canary Islands	Spanish Peseta	144.50
Cape Verde Isle	Cape V. Escudo	79.835
Cayman Islands (S)	Cay. Is. $	1.8208
Cent. Af. Repub.	C.F.A. Franc	451¾
Chad	C.F.A. Franc	451¾
Chile	C. Peso	(O) 85.21
China	Renminbi Yuan	3.5685
Colombia	C. Peso	(F) 94.78
Comoro Islands	C.F.A. Franc	451¾
Congo (Braz'ville)	C.F.A. Franc	451¾
Costa Rica	Colon	18.7255
Cuba	Cuban Peso	1.5843
Cyprus (S)	Cyprus £	0.760
Czechoslovakia	Koruna	(com) 11.30 / (n/c) 22.48 / (T) 19.25
Denmark	Danish Krone	11.375
Djibouti	Fr.	370.00
Dominica (S)	E. Caribbean $	5.90
Dominican Repub	Dominican Peso	2.1820
Ecuador	Sucre	(O) 54.34 / (F) 59.10
Egypt	Egyptian £	(U) 1.5200
Equatorial Guinea	Peseta	144.50
Ethiopia	Ethiopian Birr	(P) 4.5280
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.375
Fiji Islands	Fiji $	1.8670
Finland	Markka	8.23
France	French Franc	9.035
French C'ty in Af.	C.F.A. Franc	451¾
French Guiana	Local Franc	9.035
French Pacific Is.	C.F.P. Franc	164.27
Gabon	C.F.A. Franc	451¾
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.845
Germany (West)	Deutsche Mark	3.845
Ghana (S)	Cedi	5.92 (sg)
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	81.50
Greenland	Danish Kroner	11.375
Grenada (S)	E. Caribbean $	5.90
Guadaloupe	Local Franc	9.035
Guam	U.S. $	2.1820
Guatemala	Quetzal	2.1820
Guinea Republic	Sily	41.885
Guinea Bissau		74.660
Guyana (S)	Guyanese $	5.5715
Haiti	Gourd	10.925
Honduras Repub.	Lempira	4.36
Hong Kong (S)	H.K. $	10.966
Hungary	Forint	(com) 77.30 / (T/nc) 44.17
Iceland (S)	I. Krona	830.50
India (S)	Ind. Rupee	17.55 (sg)
Indonesia	Rupiah	1,365
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6445
Irish Republic (k)	Irish £	1.0405
Israel	Israel £	69.50
Italy	Lira	1794.5
Ivory Coast	C.F.A. Franc	451¾
Jamaica (S)	Jamaica Dollar	3.8995
Japan	Yen	535.0
Jordan (S)	Jordan Dinar	0.647
Kampuchea	Riel	n.a.
Kenya (S)	Kenya Shilling	16.175
Kiribati	Australian $	1.9935
Korea (Nth)	Won	n/a
Korea (Sth)	Won	1040.30
Kuwait (Sth)	Kuwait Dina	0.608
Laos	Kip Pot Po	874.7
Lebanon	Lebanese £	7.4430
Lesotho	S. African Rand	1.8165
Liberia	Liberian $	2.1820
Libya	Libyan Dinar	0.6470
Liechtenstein	Swiss Franc	3.5775
Luxembourg	Lux Franc	62.35
Macao	Pataca	11.60
Madeira	Portug'se Escudo	109.55
Malagasy Republic	MG Franc	451¾
Malawi (S)	Kwacha	1.75
Malaysia (S)	Ringgit	4.7720
Maldive Islands (S)	Mal Rupee	8.5935
Mali Republic	Mali Franc	9.035
Malta (S)	Maltese £	0.7720
Martin que.	Local Franc	9.035
Mauritania	Ouguiya ‡	91.485
Mauritius (S)	M. Rupee	16.9686
Mexico	Mexican Peso	49.92
Miquelon	C.F.A. Franc	451¾
Monaco	French Franc	9.035
Mongolia	Tugrik	n/a
Monserrat	E. Caribbean $	5.90
Morocco	Dirham	8.10
Moqzambiue	Moz. Escudo	67.420
Nauru	Australian Dollar	1.9935
Nepal	Nepalese Rupee	26.240
Netherlands	Guilder	4.30
NetherlandAntilles	Antillian Guilder	n/a
New Hebrides	Franc. / Aust. Dollar	146.02 / 1.9935
New Zealand (S)	N. Z. Dollar	2.2585
Nicaragua	Cordoba	21.85
Niger Republic	C. F. A. Franc	451¾
Nigeria (S)	Naira	1.2301 (sg)
Norway	Norway Krone	10.9325
Oman Sul'ate of (S)	Rial Omani	0.753
Pakistan	Pakistan Rupee	21.62
Panama	Balboa	2.1820
Papua N. Guinea (S)	Kina	n/a
Paraguay	Guarani	272.69
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A)0.7465
Peru	Sol	exc(A)529.43
Philippines	Philippine Peso	16.05
Pitcairn Islands (S)	£ Sterling / New Zealand $	— / 2.2385
Poland	Zloty	(Cm)66.00 / (T)66.00
Portugal	Portugu'se Escudo	109.55
Port Timor	Timor Escudo	109.55
Puerto Rico	U.S. $	2.1820
Qatar (S)	Qatar Ryal	8.11
Reunion Ile de la	French Franc	9.035
Rhodesia	Rhodesian $	1.5160
Romania	Leu	(Cm)9.97 / (o/c)T26.77
Rwanda	Rwanda Franc	192.69
St. Christopher (S)	E. Caribbean $	5.90
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.90
St. Pierre	C.F.A Franc	451¾
St. Vincent (S)	E. Caribbean $	5.90
Salvador El	Colon	5.4680
Samoa American	U.S. $	2.1820
San Marino	Italian Lire	1794.5
Sao To'e & Principe	Dobra	72.88
Saudi Arabia	Ryal	7.34
Senegal	C.F.A. Franc	451¾
Seychelles	S. Rupee	13.81
Sierre Leone (S)	Leone	2.2407
Singapore (S)	Singapore $	4.7610
Solomon Islands (S)	Solomon Is. $	n/a
Somali Republic	Somali Shilling	(A)13.1725
South Africa (S)	Rand	1.8165
South West African Territories (S)	S. A. Rand	1.8165
Spain	Peseta	144.50
Spanish ports in North Africa	Peseta	144.50
Sri Lanka (S)	S. L. Rupee	34.20
Sudan Republic	Sudan £ Φ	n/a
Surinam	S. Guilder	3.9110
Swaziland (S)	Lijangeni	1.8100
Sweden	S. Krona	9.1675
Switzerland	Swiss Franc	3.5775
Syria	Syria £	(A)8.5865
Taiwan	New Taiwan	(P)78.66
Tanzania (S)	Tan. Shilling	18.10
Thailand	Baht	43.55
Togo Republic	C.F.A. Franc	451¾
Tonga Islands (S)	Pa'anga	n/a
Trinidad (S)	Trinidad & Tob' $	5.2440
Tunisia	Tunisian Dinar	0.871
Turkey	Turkish Lira	106.33
Turks & Caicos	U.S. $	2.1820
Tuvalu	Australian $	1.9935
Uganda (S)	Uganda Shilling	16.00
United States	U.S. Dollar	2.1820
Uruguay	Uruguay Peso	(cm)18.21 / (fn)18.22
Utd. Arab Emirates	U.A.E. Dirham	8.21
U.S.S.R.	Rouble	1.3805
Upper Volta	C.F.A. Franc	451¾
Vatican	Italian Lire	1794.5
Venezuela	Bolivar	9.38
Vietnam	Dong	(O)4.75 / (T)4.22(‡)
Virgin Islands U.S.	U.S. Dollar	2.1820
Western Samoa (S)	Samoan Tala	2.020
Yemen	Ryal	9.86
Yugoslavia	New Y Dinar	41.9580
Zaire Republic	Zaire	4.433184
Zambia	Kwacha	1.65

*That part of the French community in Africa formerly French West Africa or French Equitorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 91.77. Based on gross rates against Russian roubles **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral-agreement with Egypt, and are not members of IMF. (||) Based on gross rates against Russian rouble. Φ Incentive rate.

A copy of this Placing Memorandum, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of Conder International Limited ("the Company") to be admitted to the Official List.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the directors accept responsibility accordingly.

A proportion of the shares the subject of this placing has been allocated to the market. From this allocation, shares will be made available to brokers making application on behalf of their clients on the date of publication of this advertisement.

Conder International Limited

CONDER GROUP

Placing
by
N. M. Rothschild & Sons Limited
of

1,483,200 Ordinary Shares of 25p each at 90p per share

The Ordinary Shares now being placed will rank in full for all dividends hereafter declared or paid on the Ordinary Share capital of the Company.

Share Capital

Ordinary Shares of 25p each

Authorised	*Issued and fully paid*
£2,250,000	£2,060,000

Indebtedness

On 1st November, 1979 the Company had outstanding a mortgage loan of £275,000. In addition the Company and its subsidiaries ("the Group") had given guarantees of a normal trading nature, including bonds, some of which are payable on demand, relating to contract tenders, advance payments or performance. The Company has guaranteed certain obligations of Clearspan (Transvaal) (Pty.) Limited and Clearspan (Natal) (Pty.) Limited which until 14th July, 1978 were subsidiaries of the Company. The liability under such guarantees is limited to S.A. Rand 550,000 (£320,000 approximately).

Save as disclosed above and apart from intra-group indebtedness and guarantees of obligations of companies in the Group, no company in the Group had outstanding on 1st November, 1979 any loan capital, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

SUMMARY OF INFORMATION

The following information should be read in conjunction with the full text of the Placing Memorandum from which it is derived.

Business

The Group is a market leader in the design and fabrication of steel framed buildings for industrial, commercial and community uses. The Group also installs mechanical and electrical building services and provides building products and water and effluent treatment plant.

Placing Statistics

Placing price	90p
Market capitalisation at the placing price	£7.4 million
1979 forecast profit before tax	£2.4 million
1979 forecast earnings per share:	
(i) after expected tax provision	26.1p
(ii) after notional tax provision at 52 per cent.	14.0p
Prospective price/earnings multiple at the placing price:	
(i) on basis of expected tax provision	3.4 times
(ii) on basis of notional tax provision at 52 per cent.	6.4 times
1979 forecast dividend per share	7p
Prospective gross dividend yield at the placing price	11.1 per cent.
Net tangible assets per share	170p

Turnover and Profits

Year to 31st December	*Turnover*	*Profit before taxation*
	£'000	£'000
1974	35,050	975
1975	40,329	1,364
1976	50,281	1,579
1977	59,896	1,265*
1978	66,582	1,760
1979		forecast profit not less than 2,400

*adjusted as set out in note 7 to the Accountants' Report.

Share Capital

The issued share capital of the Company is 8,240,000 Ordinary Shares of 25p each.

Staff

The Group employs approximately 2,000 staff who, as part of a philosophy of incentive and participation, receive a substantial proportion of the profits of the Group as a bonus. Following this placing, the Directors and the staff will control, directly and indirectly, approximately 60 per cent. of the issued share capital of the Company.

Directors

Robert Templeman Cole, M.A., C.Eng., F.I.Struct.E. *(Executive Chairman)*
Gerard Kiley, O.B.E., C.Eng., F.I.Struct.E.
William Crathern Robinson, C.Eng., F.I.Struct.E.
Alan Frank James Russell, F.C.I.S., F.C.M.A.
Ian Stuart Turner, F.C.I.S., F.C.M.A.
Peter Wild, C.Eng., F.I.Struct.E.
Frank Andrew Ruhemann, M.A., C.Eng., M.I.Mech.E. (non-executive)
all of:
Kingsworthy Court, Kings Worthy, Winchester, Hampshire

Bankers
National Westminster Bank Limited,
129 High Street, Southampton, Hampshire
Bank of Scotland,
110 St. Vincent Street, Glasgow

Solicitors to the Company
Dutton Gregory & Williams,
Trussell House, 23 St. Peter Street, Winchester, Hampshire

Solicitors to the Placing
Linklaters & Paines,
Barrington House, 59-67 Gresham Street, London EC2

Stockbrokers
W. Greenwell & Co.,
Bow Bells House, Bread Street, London EC4

Auditors and Joint Reporting Accountants
Morley & Scott,
Accountants
13 Marylebone Road, London NW1

Joint Reporting Accountants
Peat, Marwick, Mitchell & Co.,
Chartered Accountants
1 Puddle Dock, London EC4

Secretary and Registered Office
I. S. Turner,
Kingsworthy Court, Kings Worthy, Winchester, Hampshire

Receiving Bankers
National Westminster Bank Limited,
New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2

Registrars and Transfer Office
National Westminster Bank Limited,
Registrars Department, P.O. Box 82, 37 Broad Street, Bristol

Property Valuers
Weatherall Green & Smith,
Chartered Surveyors
22 Chancery Lane, London WC2

CHAIRMAN'S LETTER

The following is the text of a letter to N. M. Rothschild & Sons Limited from Mr. R. T. Cole, the Executive Chairman of Conder International Limited.

To the Directors,
N. M. Rothschild & Sons Limited

16th November, 1979.

Dear Sirs,

I have pleasure in providing you with the following information in relation to Conder International Limited ("the Company") and its subsidiaries, together referred to as "the Group", in connection with your placing of part of the issued share capital of the Company.

INTRODUCTION

I started in partnership in 1947 with Mr. J. G. Pinder as general engineers in the village forge at Kings Worthy, near Winchester. In 1950 Mr. Pinder left the partnership and Conder Southern Limited ("Southern") was formed to take over the business which then moved to a new workshop on the Industrial Estate in Winchester.

Southern pioneered a simple form of steel portal frame construction for single storey buildings applying the Plastic Theory developed by Professor (now Lord) Baker at Cambridge. The method was successfully applied first to farm buildings and then to industrial buildings. During the 1950's and 1960's, other companies were established in the Midlands, the North East and Scotland to extend coverage to the whole of the United Kingdom. The Company was incorporated in 1964 as the Group holding company. At that time Tube Investments Limited and the Wimpey Group became substantial shareholders, thus providing the necessary finance for the further development of the business and the construction of purpose-built factories in Winchester and Burton-on-Trent. In 1967 the Group extended its range of products to include a steel framed multi-storey building system, known as the Kingsworthy system, which enables buildings of individual design to be constructed quickly and economically.

Since 1976, the Group has, by acquisition and growth, developed associated activities in building services providing lighting, heating, ventilating, air conditioning; and water and effluent treatment plant. The Group is thus able to provide its customers with a building complete with integrated services.

From the inception of the business, we have placed considerable emphasis on customer satisfaction and our success is evidenced by the high proportion of our business which is placed by established customers.

Staff involvement is also a very important element of our business. In 1971, my family made its first donation to establish Staff Trusts as substantial shareholders and from that date the Company began actively to encourage individual staff share ownership.

The Board considers that the time has arrived for the Company to introduce a new element of public involvement in the Company through the placing of nearly one fifth of its existing issued share capital.

BUSINESS

The principal activity of the Group is the design, fabrication and erection of a wide range of single and multi-storey steel framed buildings. Details of this business together with a brief description of the Group's other activities are set out below. This principal activity of the Group accounted for some 85 per cent. of Group turnover and contributed substantially all of the trading profits of the Group in 1978.

Industrial Buildings

The Group designs and fabricates single storey industrial buildings with clear spans of up to seventy-five metres without limitation on length. A wide range of pitched and flat roof types are tailor-made to meet customers' requirements by using permutations from our library of over 25,000 standardised component and assembly drawings.

This rationalised system of construction enables us to design Industrial Buildings for a considerable range of uses, including warehouses, factories, aluminium smelters, aircraft hangars, community centres and supermarkets. We are thus able to offer our customers the advantages of "bespoke" buildings, constructed quickly and economically with large clear floor areas where required. We are a leading United Kingdom supplier of this kind of building.

The Group fabricates the steel frames and may itself erect or sub-contract the erection of them and of the roof and wall claddings which are pre-fabricated by outside suppliers. In the case of Industrial Buildings the Group does not undertake builders' works such as the preparation of foundations, bricklaying or plastering.

Turnover in Industrial Buildings for construction in the United Kingdom for the year ended 31st December, 1978 amounted to £30.8 million, representing 46 per cent. of Group turnover.

Kingsworthy Buildings

Kingsworthy Buildings are generally multi-storey and cover a wide range of uses including offices, hospitals, schools, hotels, shops and flats. An extensive library of component and assembly drawings enables us to offer a very short design period.

Construction is based on a weathertight shell using a steel frame with bought-in pre-fabricated components for floors, walls, windows and roofs. This shell, which is designed for easy installation of services, can be erected in only a few weeks. The internal work can then be completed regardless of weather conditions thereby reducing cost and construction time. The system also has wide architectural flexibility which enables customers to have buildings of individual and attractive appearance.

The Group normally acts as sub-contractor for the supply and erection of a Kingsworthy shell. When the Group is required to undertake the responsibilities of main contractor, an outside architect is appointed and the Group sub-contracts all builders' works. Of total Group turnover in 1978, 11 per cent. represented Kingsworthy contracts where the Group acted as main contractor.

In 1978, turnover in Kingsworthy Buildings in the United Kingdom was £12 million representing 18 per cent. of Group turnover.

Exports of Buildings

The advantages offered by our Industrial Buildings have enabled us to export them to over 120 countries. In 1977, our export success was recognised when we received the Queen's Award for Export Achievement and in 1978 exports, principally to the Middle East and Africa, accounted for approximately 20 per cent. of Group turnover. Exported buildings are designed and fabricated in the United Kingdom by the Group, which also supervises erection, if required.

We have now developed a range of buildings derived from the Kingsworthy system specifically for export, so as to widen our overseas markets.

Mechanical and Electrical Building Services

The Group has recently acquired companies with facilities for the design and installation of mechanical and electrical building services such as lighting, heating, ventilating and air conditioning systems which can be provided either separately from or in conjunction with our Industrial and Kingsworthy Buildings. We are now rationalising and expanding this activity with particular emphasis on low energy consumption.

We expect that these operations, which enhance the Group's ability to market buildings with integrated services, will, after initial development losses, become profitable in their own right.

Building Products

The Group has, for many years, been a market leader for the sale in the United Kingdom of steel framed canopies for petrol stations and industrial uses. It also markets a roofing system for erection on load bearing brick or block walls and has recently extended its range to include interior partitioning and a staircase system.

Water and Effluent Treatment Plant

Our established profitable products include septic tanks, cesspools and petrol interceptors. Last year we augmented these by the acquisition of a good range of effluent, sewage and water treatment products. We are now actively developing this business at a cost of approximately £200,000 per annum, which is being charged against Group profits. We believe that, after some further development costs during the next year, these new activities will contribute to Group profits.

هكذا من الأصل

PREMISES

All the Group's principal properties are own[illegible] at Kings Worthy near Winchester and the three fabricating plants for steelwork are in Winchester, Burton-on-Trent and Cumbernauld. The Group also owns offices in Romsey, Darlington and Winchester and a warehouse in Eastleigh.

A description of the Group's freehold properties is set out in an attachment to this letter; these properties have been valued by Weatherall Green & Smith as at 30th June, 1979 on the basis of open market value for their existing use or, where appropriate, with the benefit of vacant possession. The valuation, amounting in aggregate to £9.04 million, has been incorporated in the balance sheet at 30th June, 1979 and the surplus of £3.49 million has been credited to reserves.

MANAGEMENT STRUCTURE

The Board of the Company is primarily concerned with establishing policies for the development of the Group, overall financial control, and the co-ordination of the activities of the operating subsidiaries.

The operating subsidiaries are grouped in four divisions, each having a separate divisional Board to which the Managing Directors of operating subsidiaries are responsible. The divisions are: U.K. Buildings, Overseas Buildings, M & E Building Services and the Finance and Development division, which includes building products and water and effluent treatment plant.

Each operating company is substantially self-contained with a board comprising its own executives. The companies are supported by Conder Group Services Limited which has a staff of sixty and provides product development, marketing, personnel and accounting services.

It is Group policy that each operating company should be limited to approximately 500 staff, thus contributing to the identification of the individual with his or her company.

DIRECTORS

I have been Chairman of the Company since it was formed and am now aged 60. **Mr. William Robinson,** aged 53, is Managing Director of the U.K. Buildings division and has been a member of the Board since 1969. **Mr. Gerard Kiley,** aged 53, is Managing Director of the Overseas Buildings division and has been a Director of the Company since its formation. **Mr. Peter Wild,** aged 50, is Managing Director of the M & E Building Services division and he joined the Board in 1969. **Mr. Alan Russell,** aged 41, is Managing Director of the Finance and Development division and has been a member of the Board since 1966. **Mr. Ian Turner,** aged 41, is the Group Finance Director and Company Secretary; he became a Director in 1971. **Mr. Frank Ruhemann,** aged 49, a Director of Tube Investments Limited, has been a non-executive Director since 1975.

STAFF

The Group has just over 2,000 staff of whom approximately 70 per cent. are in the U.K. Buildings division. It is the Group's policy for all staff, including the Directors, to be employed under the same basic conditions of service which include benefits under a contributory managed pension and life assurance scheme which is contracted out. Considerable emphasis is placed on training and safety at work and it is our policy to promote staff from within the Group wherever possible.

In addition, the Group has evolved a structure designed to encourage staff participation in the business and to provide reward for the success of their individual companies. The Board are of the opinion that the Company's policy of open management and staff participation through profit sharing, share ownership and consultation has contributed materially to the success and development of the Group and will continue to do so to the benefit of shareholders. The salient features of this policy are further detailed below.

Profit Sharing Scheme

A profit sharing scheme has been in operation since 1950. Individual operating companies distribute quarterly to their staff one half of their profits on the basis of management accounts after providing for a return on capital employed. The profit sharing for central group staff is based on the average of that paid by the operating companies. It is central to the philosophy underlying the scheme that the staff of each company should have an incentive which relates directly to their own efforts. It follows that, since profit sharing bonuses are paid on a company by company basis, the aggregate of the bonuses paid out by the separate operating companies fluctuates as a proportion of Group profits and may exceed 50 per cent. when one or more of the companies makes a loss. Normally any loss precludes the payment of bonuses and is carried forward to be offset against future profits eligible for profit sharing. Profits or losses may be carried forward to avoid extremes in profit sharing payments between exceptional periods.

Conder International Limited

In practice, the proportion of the Group profit before profit sharing which has been paid as bonus over the last five and a half years has been as follows:

	1974 £'000	1975 £'000	1976 £'000	1977 £'000	1978 £'000	Half year to 30th June 1979 £'000
	Year ended 31st December					
Group profit before profit sharing	1,668	2,454	3,061	2,630*	3,352	2,202
Profit sharing bonus ..	693	1,090	1,382	1,365	1,592	960
Group profit before tax ..	975	1,364	1,679	1,265*	1,760	1,242
Profit sharing percentage	41.5	44.4	45.1	51.9	47.5	43.6

*adjusted as set out in note 7 to the Accountants' Report.

It is Group policy to remunerate staff at full market rates before profit sharing so that the profit sharing payments operate as a real incentive. The aggregate remuneration of the *Group's employees in 1978 was £11,523,000,* inclusive of £1,592,000 paid under the profit sharing scheme.

Staff Share Ownership

Following the placing, my family and I (including family trusts) will own approximately 13.0 per cent. of the issued share capital of the Company and the executive Directors will own approximately a further 3.3 per cent. In addition some 1,150 of our 2,000 staff will have personal holdings aggregating some 22.3 per cent. of the issued share capital. These holdings have been purchased over a number of years in pursuance of our philosophy that the staff should have their own money invested in the Group and the holdings are spread among staff at all levels throughout the Group.

Staff Trusts

As well as direct ownership of shares by staff, Staff Trusts with common objectives will, after the placing, own approximately 19.2 per cent. of the issued share capital of the Company. The Staff Trusts were established to safeguard, as far as possible, the Company's long term future as a successful independent company by the promotion of a share ownership structure in which approximately one third of the share capital of the Company is owned by the public, one third by the *Staff Trusts and the Conder Conservation Trust*, and one third by *the staff directly. The Staff Trusts'* rules provide that the Trustees shall encourage the staff to purchase and retain shares and this may be achieved by the provision of financial assistance and *incentive out of the income and assets of the Staff Trusts. In pursuance of this policy* I am informed that, simultaneously with the placing, the Staff Trusts will sell up to 100,000 *Ordinary Shares (1.2* per cent. of the issued share capital) to the staff at the placing price for cash or deferred settlement. Figures relating to the continuing interest of the Staff *Trusts* and the staff and the summary of the assets of the Staff Trusts below, do not reflect any such purchases by staff.

The Staff Trusts are administered by a Trust Committee which comprises the Managing *Directors of each operating company and elected staff representatives. The Trust Committee* currently consists of twelve Managing Directors and thirteen elected representatives. The *Chairman of the Committee is selected from outside the Group and is presently Sir Bernard* Miller, retired Chairman of the John Lewis Partnership. The Trust Committee meets twice *yearly to administer the Staff Trusts'* income and assets and to meet the Board of the Company to review the Group's performance, plans and budgets.

At shareholders' meetings, the Trustees may only exercise the votes attaching to the Staff Trusts' shares in accordance with the *directions of the staff, each of whom receives a* ballot paper for a number of shares determined according to length of service.

While the Staff Trusts have in the past been financed by loans and payments from the Group, following the placing, no loans or payments to Staff Trusts will be made without the prior approval in general meeting of shareholders other than the Staff Trusts. The Directors have no intention of proposing that any financial aid be given to the Staff Trusts in future and would only consider so doing in exceptional circumstances. I am informed that, following the placing, the Staff Trusts will have assets, excluding shares in the Company, amounting to approximately £700,000.

Staff Consultation

In pursuance of our policy of staff participation, we have established a consultative structure *providing two-way communication throughout the Group.* This is achieved by staff committees and company councils in each operating company. The chain of communi*cation is completed by the Trust Committee consulting with the Group Board as explained* above.

The staff of each operating company also meet their Managing Director quarterly when, in the context of the profit sharing scheme, they discuss their company's results for the preceding quarter and its current progress.

In addition it has been our policy to hold a meeting with the staff of each operating company following the publication of the Annual Report and Accounts to enable staff to discuss the progress of the Group.

In view of the extent to which our staff are informed of the performance of operating companies, the Group proposes to issue a brief statement as to trading experience in May and November each year, respectively relating to the first and third quarters in addition to the normal half-year and annual reports and results.

PROFITS AND DIVIDENDS

Profit Record

The profit record of the Group for the five years ended 31st December, 1978 and for *the six months ended 30th June, 1979 is set out in the Accountants'* Report. During the five years ended 31st December, 1978 Group turnover increased from £35.1 million to £66.6 *million and profit before taxation from £975,000 to £1,760,000.* The Group earned profit before taxation in the six months ended 30th June, 1979 of £1,242,000 on a turnover of £43.5 million.

The trading profit for the year ended 31st December, 1977 was adversely affected by increased competition, reduced margins and a depressed demand for Kingsworthy Buildings. Recovery was achieved in the following year.

Profit Forecast

The Directors forecast that, in the absence of unforeseen circumstances, the consolidated profit before taxation and extraordinary items for the year ending 31st December, 1979 *will be not less than £2.4 million. This forecast* is made on the basis of the assumptions set out under "Information relating to the Profit Forecast" below.

Taxation

The Directors do not foresee any liability to United Kingdom corporation tax arising *in respect of the profits of the current year other than advance corporation tax which,* on the basis of the dividend forecast below, would amount to approximately £247,000.

Dividends

The Board believes that, *after the placing, the Company should distribute dividends which reflect the trading performance of the Group, after taking into account the need to* retain funds for the development of the business. To this end, the Directors declared and paid, on 15th November, 1979, *an interim dividend in respect of the current year equivalent to 3p* per share and intend, on the basis of their forecast of profit for the year ending 31st December, 1979, to recommend for payment *in May 1980 a final dividend of 4p per share. These* dividends amount to a total of 7p per share in respect of the current year (10p with tax credits at the current rate) and imply a *gross dividend yield for the shares of 11.1 per cent.* at the placing price.

It is intended in future years to pay an interim dividend in October or November and a *final dividend in May.*

Appropriation of Profit

The following table sets out, by way of illustration, how a profit before taxation of £2.4 million for the year to 31st December, 1979 would be appropriated on the above assumptions for taxation and dividends but ignoring the costs of the placing and other extraordinary items:—

	£'000
Profit before taxation	2,400
Less: taxation (advance corporation tax)	247
Profit after taxation	2,153
Less: dividends totalling 7p per share	577
Profit retained	1,576
Earnings per share	26.1p

On the basis of this illustration, the gross dividend would be covered 2.9 times by the profit before tax and the Company would be valued at the placing price on a price earnings *ratio of 3.4. If taxation were provided for at* 52 per cent. *the net dividend* would be covered 2.0 times and the price earnings ratio would be 6.4.

PROSPECTS

The Group continues to be a market leader for industrial steel framed buildings and we give continual emphasis to maintaining our technical advantage in this field. Our order book for Industrial Buildings is at a very satisfactory level.

The advantages of our *Kingsworthy system are being much more widely recognised* and this has resulted in a large increase in the volume and calibre of our orders. The potential market is very large and we foresee strong growth at home and overseas for this product.

Our newer enterprises in the fields of building services, building products and water and effluent treatment plant also provide potential for long term growth.

We regard our business as a partnership between a highly motivated and committed *management and staff and the shareholders in the Company,* to both of whom the Directors are accountable. This philosophy has contributed to the successful development of the business *in the past and is a feature underlying our confidence in the future.*

Yours faithfully,
R. T. COLE,
Chairman.

ACCOUNTANTS' REPORT

The following is a copy of a report to the Directors of Conder International Limited and N. M. Rothschild & Sons Limited received from Morley & Scott, auditors and joint reporting accountants, and Peat, Marwick, Mitchell & Co., joint reporting accountants:—

The Directors,
Conder International Limited, and
N. M. Rothschild & Sons Limited

16th November, 1979.

Gentlemen,

We have examined the audited accounts of Conder International Limited ("the Company") and of its subsidiary companies for the periods relevant to this report. These accounts were prepared under the historical cost convention adjusted for the valuation of freehold land and buildings. The *Company and its subsidiaries are collectively referred to as "the Group".* Morley & Scott have been the auditors of the Company and the United Kingdom subsidiaries for all relevant periods.

The summarised profit and loss accounts, balance sheets and source and application of funds statements set out below are based on the audited accounts after making such adjustments as we *consider appropriate. In our opinion these summaries together with the notes thereon, give, under* the convention stated above, a true and fair view of:—

(i) the profits and source and application of funds of the Group for the five years ended 31st December, 1978 and the six months ended 30th June, 1979; and

(ii) the state of affairs of the Company and the Group at 30th June, 1979.

No audited accounts of the Company or any of its subsidiary companies have been made up in respect of any period subsequent to 30th June, 1979.

ACCOUNTING POLICIES

Basis of consolidation

The consolidated balance sheet combines the accounts of the Company and all its subsidiaries made up to 30th June, 1979. The consolidated profit and loss accounts and source and application of funds statements combine the results of the Company and all its subsidiaries for the five years ended 31st December, 1978 and the six months ended 30th June, 1979. The results of subsidiaries *acquired or disposed of during a period are included* in the Group profit and loss account from the date of acquisition or to the date of disposal.

Turnover

Turnover represents the value of work done, excluding value added tax, being work invoiced adjusted by the value of opening and closing work in progress and excluding intra-group sales.

Exchange rates

Assets and liabilities in foreign currencies are translated at exchange rates current at the dates to which the accounts are made up. Differences arising on translation of the assets and liabilities of foreign subsidiaries are shown as extraordinary items in the period in which they arise. Where *foreign currencies are bought or sold forward they are converted at the pre-determined rates.*

Intangible assets

Expenditure on research and development, licences, patents and trade *marks is charged against* profits in the period in which it is incurred. Goodwill on consolidation is treated as an extraordinary item in the period in which it arises.

Repairs and renewals

Repairs and renewals are charged against profits in the period in which they are incurred and no provision is made or considered to be required for future maintenance.

Debtors

Debtors are shown in the balance sheet after *known bad debts* have been charged against profits and after the deduction of specific provisions for any doubtful debts.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Work in progress is the value *of direct costs together with an appropriate proportion of overheads and profits accrued to date and* after deducting provisions against anticipated excess costs and contract losses. Interim applications for payment are deducted from the valuation and where these exceed the costs, the excess is included in creditors.

Profits and losses on contracts

As a substantial proportion of the Group's contracts extend for more than a year profits are taken into account in proportion to the work performed on each contract. Any losses on contracts are provided as soon as foreseen.

Fixed assets and depreciation

Freehold land and buildings were professionally revalued on 30th June, 1979, by Weatherall Green & Smith on the basis of open market value for their existing use or, where appropriate, with *the benefit of vacant possession. Depreciation is provided in respect of freehold buildings in order* to write them off over the remaining periods of their useful lives which are estimated to be between *40 and 50 years. For the five years and six months to 30th June, 1979, depreciation* has been calculated by reference to a valuation at 30th June, 1973 as amended by additions at cost. Expenditure on interests in short term leases is *charged against profits in the period in* which it is incurred. The costs of other fixed assets are depreciated in equal amounts over the following periods:—

	Number of years		*Number of years*
Computers	6	Motor vehicles	5
Plant and machinery	8	Furniture and equipment	8

Government grants are deducted from the cost of the relevant assets when acquired.

Deferred taxation

Taxation deferred by industrial buildings and capital allowances and stock appreciation relief, together with the potential liability arising if revalued land and buildings were realised at the value at which they appear in the accounts, is only provided where payment is reasonably anticipated in the foreseeable future.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Notes	1974 £'000	1975 £'000	1976 £'000	1977 £'000	1978 £'000	Six months ended 30th June 1979 £'000
		Year ended 31st December					
Turnover	1	35,050	40,329	50,281	59,896	66,582	43,495
Operating costs:							
Materials		25,660	28,409	35,694	43,008	46,060	31,774
Salaries and wages, including employers' contributions		5,193	6,782	8,515	10,203	12,100	6,682
Profit sharing bonus	6	693	1,090	1,382	1,365	1,592	960
Other costs	2	2,457	2,880	3,512	4,415	5,298	3,107
		34,003	39,161	49,103	58,991	65,050	42,523
Trading profit before interest		1,047	1,168	1,178	905	1,532	972
Net interest	3	(72)	196	501	360	228	270
Payment to Staff Trust	7	—	—	—	(710)	—	—
Profit before taxation and extraordinary items		975	1,364	1,679	555	1,760	1,242
Taxation	5	(32)	(718)	(265)	(41)	(41)	(106)
Profit after taxation but before extraordinary items		943	646	1,414	514	1,719	1,136
Extraordinary items	4	8	22	(131)	(16)	(238)	19
Profit after taxation and extraordinary items		951	668	1,283	498	1,481	1,155
Dividends	8	(57)	(62)	(69)	(77)	(86)	(247)
Retained earnings		894	606	1,214	421	1,395	908
Earnings per share after: actual taxation provision	9	11.44p	7.84p	17.18p	14.85p	20.86p	13.79p
full taxation provision	9	4.88p	6.99p	8.93p	7.03p	10.30p	6.75p
Rate of dividend per share	8	0.81p	0.89p	0.98p	1.09p	1.22p	3.00p

BALANCE SHEETS AT 30th JUNE, 1979

	Notes	The Group £'000	The Group £'000	The Company £'000	The Company £'000
Employment of capital					
Fixed assets	10		11,984		9,040
Interest in subsidiaries	11		—		(462)
Current assets:					
Stock and work in progress	12	8,140		—	
Debtors		14,025		28	
Term deposit		170		170	
Cash at bank		2,426		488	
		24,761		686	
Current liabilities:					
Creditors		21,456		274	
Dividend		247		247	
		21,703		521	
Net current assets			3,058		165
			15,042		8,743
Source of capital					
Share capital and reserves	13		14,032		8,571
Deferred taxation	14		838		—
Long term loan	15		172		172
			15,042		8,743

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

	1974 £'000	1975 £'000	1976 £'000	1977 £'000	1978 £'000	Six months ended 30th June 1979 £'000
	Year ended 31st December					
Source of funds						
Profit from operations before taxation	975	1,364	1,679	1,265	1,760	1,242
Add:						
Depreciation	323	344	408	611	731	411
Extraordinary items other than goodwill written off	8	22	57	(16)	(16)	19
Total generated from operations	1,306	1,730	2,145	1,860	2,475	1,672
Funds from other sources:						
Sale of fixed assets	126	53	69	154	264	186
Tax recovered	—	232	—	—	—	—
Staff Trusts' loans repaid	—	—	—	165	—	—
Total sources	1,432	2,015	2,214	2,179	2,739	1,858
Application of funds						
Purchase of fixed assets	1,107	398	717	2,551	1,551	1,220
Tax paid	312	—	15	50	29	—
Dividends paid	54	57	62	69	77	86
Mortgage repayments and redemption premiums	12	33	10	11	10	—
Payment to Staff Trust	—	—	—	710	—	—
Acquisition of subsidiaries:						
Goodwill	—	—	188	—	222	—
Assets	—	—	51	—	39	—
Total applications	1,485	488	1,043	3,391	1,928	1,306
	(53)	1,527	1,171	(1,212)	811	552
Represented by:						
Increase/(decrease) in working capital						
Stock and work in progress	834	(958)	1,686	1,088	(406)	3,969
Debtors	1,819	396	1,429	635	2,410	1,072
Deposits with bank as bond security	—	—	700	(75)	1,274	(1,729)
	2,653	(562)	3,815	1,648	3,278	3,212
(Increase)/decrease in creditors	(2,824)	1,383	(3,012)	(3,165)	(3,844)	(3,053)
	(171)	821	803	(1,517)	(566)	159
Increase in liquid funds	118	706	368	305	1,377	393
	(53)	1,527	1,171	(1,212)	811	552

NOTES TO FINANCIAL STATEMENTS

	1974 £'000	1975 £'000	1976 £'000	1977 £'000	1978 £'000	Six months ended 30th June 1979 £'000
	Year ended 31st December					
1. Turnover						
Buildings:						
Industrial	23,512	28,646	33,510	41,417	45,295	30,681
Kingsworthy	8,513	8,980	12,418	12,369	12,041	7,883
Building services	—	—	772	1,632	3,327	1,748
Building products	2,914	2,484	3,089	3,617	4,407	2,302
Water and effluent treatment plant	111	219	492	861	1,512	881
	35,050	40,329	50,281	59,896	66,582	43,495
Geographical analysis of United Kingdom exports:—						
Middle East and Asia	2,990	7,345	11,171	9,650	10,923	7,628
Africa	903	1,800	1,833	5,586	2,162	5,921
Europe	168	372	484	746	726	213
Americas	—	332	73	—	100	50
	4,061	9,849	13,561	15,982	13,911	13,812
2. Other costs						
These include:						
Depreciation:						
Freehold buildings	73	75	78	90	94	49
Other	250	269	330	521	637	362
Hire of plant and machinery	228	191	226	238	291	226
3. Net interest						
Interest payable:						
Bank interest	(145)	(198)	(235)	(139)	(163)	(125)
Interest on long term loan	(26)	(25)	(24)	(24)	(24)	(12)
	(171)	(223)	(259)	(163)	(187)	(137)
Interest receivable	99	419	760	523	415	407
Net interest (payable)/receivable	(72)	196	501	360	228	270
4. Extraordinary items						
Goodwill arising on acquisition of subsidiaries	—	—	(188)	—	(222)	—
Gains and losses on translation to sterling of the accounts of foreign subsidiaries	8	22	57	(16)	(2)	—
Investment in South Africa written off	—	—	—	—	(14)	—
Net surplus on disposal of freehold and leasehold properties	—	—	—	—	—	19
	8	22	(131)	(16)	(238)	19
5. Taxation						
Current	4	71	6	3	4	—
Deferred-stock appreciation relief	—	613	225	—	—	—
Advance corporation tax	28	34	35	38	37	106
Actual tax charge	32	718	266	41	41	106
If deferred taxation were provided for in full, the tax charge would increase by	541	70	678	645	870	580
The full tax charge would have been	573	788	943	686	911	686

The charge for stock appreciation relief represents the effect of applying the Group's accounting policy on deferred taxation in the period under review. The tax charge resulting from the full provision of deferred tax in the year to 31st December, 1977 is calculated by reference to the profit before taxation and payment to a Staff Trust of £710,000. The full tax charge for the six months to 30th June, 1979 is *stated before crediting* an amount of £935,000, being stock appreciation relief claimed in 1973 and 1974 and now written back in accordance with the provisions of the Finance (No. 2) Act 1979 to the profit and loss account.

6. *Profit sharing bonus*

A profit sharing scheme has been in operation since 1950 whereby operating companies pay to staff approximately one half of their quarterly profits on the basis of management accounts after providing for a return on capital employed.

7. Payment to Staff Trust

On 7th December, 1977 the Company made a payment of £710,000 to one of the Staff Trusts to enable the Staff Trustees to finance the purchase of 505,926 of the Company's shares already in issue and repay an interest-free loan of £165,000 from the Group.

8. Dividends

Dividends per share have been adjusted to take account of the capitalisation issues which occurred on 30th December, 1974 and 15th November, 1979. The Chairman of the Company and his wife have waived their rights to dividends on the shares they hold directly throughout the five years to 31st December, 1978. In 1978 this amounted to £14,549, exclusive of the related tax credit.

9. Earnings per share

Earnings per share are calculated on the profit attributable to shareholders for each period and the number of shares in issue for the period, after adjusting for the capitalisation issues on 30th December, 1974 and 15th November, 1979 and before payment of a Staff Trust of £710,000 in the year to 31st December, 1977.

10. Fixed assets

(a) The book amounts of the Group's fixed assets at 30th June, 1979 are as below:

	Freehold land and buildings £'000	*Plant, equipment and vehicles* £'000	*Total* £'000
Professional valuation in 1979	9,040	—	9,040
Cost	—	4,948	4,948
	9,040	4,948	13,988
Depreciation	—	2,004	2,004
Book amount	9,040	2,944	11,984

The book amount of the Company's fixed assets comprise only the above freehold land and buildings. As a result of the valuation in 1979, the depreciation on freehold buildings provided in the periods to 30th June, 1979 was no longer required and has been credited to reserves.

(b) Capital commitments at 30th June, 1979 are as follows:

	Group £'000	*Company* £'000
Contracted for	504	185
Authorised but not contracted for	1,343	700
	1,847	885

11. Interest in subsidiaries

(a) Interest in subsidiaries at 30th June, 1979 is made up as follows:

	£'000
Investments at cost, less amount written off	232
Amounts owing by subsidiaries	2,371
	2,603
Amounts owing to subsidiaries	(3,065)
	(462)

Conder International Limited

(b) The following companies are the trading subsidiaries of the Company at 30th June, 1979 and are wholly owned and incorporated in England, except for Conder Byggekomponenter ApS which is incorporated in Denmark:

	Date of incorporation	Issued share capital £'000
Conder Buildings UK Limited	16.4.1974	5
Conder Southern Limited	21.3.1950	45
Conder Midlands Limited	2.7.1956	22
Conder Northern Limited	29.3.1963	6
Conder Scotland Limited	17.8.1965	75
Conder Wales Limited	28.12.1973	5
Conder Buildings Overseas Limited	18.1.1974	5
Conder Overseas Development Limited	16.4.1974	5
Conder Licensing Limited	21.2.1979	1
Conder M & E Limited	22.5.1974	5
IEI Southern Limited	29.1.1971	5
IEI Midlands Limited	7.4.1971	20
IEI Northern Limited	28.2.1973	5
Enviroware Limited	10.7.1968	1
Conder Hardware Limited	16.11.1968	5
Conder Byggekomponenter ApS	21.12.1972	2
Clearwater Systems Limited	7.1.1974	5
Conder Group Services Limited	1.8.1963	5

In addition the Company owns 35 per cent. of the share capital of Clearspan (Natal) (Proprietary) Limited and Clearspan (Transvaal) (Proprietary) Limited which the directors consider to be of nil value. The other 65 per cent. of the share capitals of these companies, which was formerly owned by the Company, was transferred to the local directors in 1978. As the Group is no longer involved in the management of these former subsidiaries, they are not treated as associated companies.

12. Stock and work in progress

The Group's stock and work in progress at 30th June, 1979 are as below:

	£'000
Work in progress	81,559
Amounts received and receivable on account	(77,703)
	3,856
Stock	4,284
	8,140

13. Share capital and reserves

At 30th June, 1979, the authorised share capital of the Company was £1,100,000 divided into 4,400,000 Ordinary Shares of 25p each of which 4,120,000 were in issue. On 15th November, 1979 the Company's authorised share capital was increased to £2,250,000 divided into 9,000,000 Ordinary Shares of 25p each and £1,030,000 of the Company's capital reserve was capitalised and applied in paying up in full at par 4,120,000 Ordinary Shares of 25p each which were allotted credited as fully paid to Ordinary Shareholders in the proportion of one new Ordinary Share for each Ordinary Share then held.

Details of share capital and reserves at 30th June, 1979 as adjusted for the capitalisation on 15th November, 1979 are as follows:

	Group £'000	Company £'000
Issued share capital	2,060	2,060
Capital reserve	3,557	3,624
Profit and loss account	8,405	2,887
	14,032	8,571

The capital reserve comprises the balance of surpluses on revaluation of freehold land and buildings.

14. Deferred taxation

(a) The provision for deferred taxation at 30th June, 1979 consists wholly of stock appreciation relief.

(b) Taxable profits and losses of Group companies are computed by reference to their accounting periods which end on 31st December each year and consequently the latest date at which the full potential deferred tax liability can be analysed is 31st December, 1978. If full provision for deferred taxation on the liability method had been made, the amount at 30th June, 1979 would be as follows:—

	Group £'000	Group £'000	Company £'000	Company £'000
At 31st December, 1978 as adjusted for revaluation of freehold properties at 30th June, 1979:				
Stock appreciation relief		4,357		—
Excess industrial buildings and capital allowances		1,308		627
Surplus on revaluation of freehold property		1,524		1,524
		7,189		2,151
Deduct:				
Unutilised reliefs and allowances of £1,356,000 at 52%	(705)		—	
Advance corporation tax recoverable	(172)		(172)	
		(877)		(172)
		6,312		1,979
Release of stock appreciation relief claimed in 1973 and 1974		(935)		—
Additional amount relating to trading profits of the six months to 30th June, 1979	686		58	
Advance corporation tax recoverable	(106)		(106)	
		580		(48)
		5,957		1,931

15. Long term loan

The Company has a long term loan from Eagle Star Insurance Company Limited of £275,000 repayable on 27th October, 1989 on which interest is paid at a rate of 8.75 per cent. and which is secured on a substantial part of the freehold factory and office premises at Burton-on-Trent. The loan is to be repaid out of the proceeds of endowment policies maturing on 27th October, 1989. The outstanding loan is stated net of the cost of £103,000 of the mortgage redemption policies.

16. Contingent liabilities

At 30th June, 1979 the Company and certain subsidiary companies had in the ordinary course of business entered into advance payment and performance bonds, which amounted to £3,912,000 and £3,608,000 respectively and related to current contracts. The Company has a contingent liability of S.A. Rand 550,000 (£297,000) in respect of guarantees issued to third parties on behalf of the former South African subsidiaries.

Yours faithfully,

Morley & Scott, *Accountants.* — Peat, Marwick, Mitchell & Co., *Chartered Accountants.*

INFORMATION RELATING TO THE PROFIT FORECAST

1. Principal Assumptions

The principal assumptions which have been adopted in preparing the profit forecast of the Company and its subsidiaries ("the Group") for the year ending on 31st December, 1979 are that there will be no significant:—

(a) cancellations or major changes to contracts in hand which cover substantially the whole of the planned output of the Group in the period ending 31st December, 1979;

(b) unforeseen claims in respect of warranties and product performance;

(c) disruptions through failure to obtain supplies of raw materials, plant breakdowns or industrial disputes;

(d) acquisitions or disposals of assets otherwise than in the ordinary course of business; and

(e) change in the economic climate currently being experienced, nor will the operations of the Group be adversely affected by future Government action in the United Kingdom or major overseas markets.

2. Reports

The following are copies of reports to the Directors of the Company relating to the profit forecast of the Company for the year ending 31st December, 1979.

(a) Letter from the Joint Reporting Accountants:

The Directors,
Conder International Limited.

16th November, 1979

Gentlemen,

We have reviewed the accounting bases and calculations for the profit forecast, for which you are solely responsible, of Conder International Limited and its subsidiaries ("the Group") for the financial year ending 31st December, 1979, set out in the Placing Memorandum relating to the placing of shares in your Company. The forecast includes the results shown by the audited interim accounts for the six months ended 30th June, 1979.

In our opinion the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by you and set out under Information relating to the Profit Forecast in the Placing Memorandum and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

Morley & Scott, *Accountants* — Peat, Marwick, Mitchell & Co., *Chartered Accountants*

(b) Letter from N. M. Rothschild & Sons Limited:

The Directors,
Conder International Limited.

16th November, 1979

Gentlemen,

We refer to the forecast of profit of your Company and its subsidiaries for the financial year ending 31st December, 1979 contained in the Placing Memorandum relating to the placing of shares in your Company.

We have discussed with officers of your Company the bases and assumptions on which the profit forecast was made. We have also considered the letter dated 16th November, 1979 addressed to you from Morley & Scott and Peat, Marwick, Mitchell & Co., regarding the accounting bases and calculations underlying the profit forecast.

On the basis of the above, we consider that the profit forecast, for which you are solely responsible, has been made after due and careful enquiry.

Yours very truly,
for and on behalf of
N. M. Rothschild & Sons Limited,
Peter Byrom,
Director.

DESCRIPTION OF FREEHOLD PROPERTIES

There is set out below a brief description of the freehold properties held by the Group.

Property	Description
Moorside Road, Winnall, Winchester, Hampshire.	Modern single storey industrial buildings of approximately 150,000 sq. ft. with ancillary offices of approximately 30,000 sq. ft. on a site of 9·6 acres.
Wellington Road, Burton-on-Trent, Staffordshire.	Modern single storey industrial buildings of approximately 170,000 sq. ft. with ancillary offices of approximately 25,000 sq. ft. on land totalling approximately 17 acres.
Dunnswood Road, Ward Park South, Cumbernauld, Dumbartonshire.	Modern single storey industrial buildings of approximately 92,000 sq. ft. with ancillary offices of approximately 15,000 sq. ft. on a site of 6·4 acres.
Kingsworthy Court, London Road, Kings Worthy, Winchester, Hampshire.	Single storey prestige offices, built about six years ago, with a detached period house, providing respectively 13,000 sq. ft. and 1,800 sq. ft. of offices on a site of 3·3 acres.
Abbotts Barton House, Worthy Road, Winchester, Hampshire.	Detached period building recently converted into approximately 10,000 sq. ft. of offices with ancillary accommodation on a site of 1·5 acres.
Montfort House, Botley Road, Romsey, Hampshire.	Detached period buildings recently converted into approximately 30,000 sq. ft. of offices on a site of approximately 5 acres.
Woodside Avenue, Boyatt Wood, Eastleigh, Hampshire.	A modern warehouse with ancillary offices of approximately 25,000 sq. ft. on a site of 4·0 acres.
Cupernham Lane, Romsey, Hampshire.	A site of approximately 6 acres substantially used as a steel stockyard.
Egginton Junction, Derbyshire.	Detached period building, recently converted into 1,750 sq. ft. office space on a site of 2·0 acres.
Faverdale, Darlington, Co. Durham.	Modern offices with ancillary warehouses with total area of approximately 17,000 sq. ft. on a site of 4·3 acres.
Wellfield House, Victoria Road, Morley, Yorkshire.	Period building recently converted to provide prestige offices of approximately 3,700 sq. ft. on a site of 1·6 acres.
Village Farm Industrial Estate, Pyle, Glamorgan.	An industrial site of approximately 4 acres.

STATUTORY AND GENERAL INFORMATION

1. Share Capital

On 15th November, 1979 the authorised share capital of the Company was increased from £1,100,000 to £2,250,000 divided into 9,000,000 Ordinary Shares of 25p each, and £1,030,000, being part of the amount standing to the credit of the capital reserve of the Company, was capitalised and applied in paying up in full at par 4,120,000 Ordinary Shares of 25p each which were allotted credited as fully paid to Ordinary Shareholders in the proportion of one new Ordinary Share for each Ordinary Share then held.

Accordingly, immediately following this placing, the authorised share capital of the Company will consist of £2,250,000 divided into 9,000,000 Ordinary Shares of 25p each. The issued share capital will comprise 8,240,000 Ordinary Shares.

2. Articles of Association

The Articles of Association of the Company contain provisions (*inter alia*) to the following effect:—

(i) *Voting rights of shareholders*

On a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

(ii) *Directors*

(a) The Directors may from time to time appoint one or more of their body to be the holder or holders of any executive office on such terms and for such period as they may determine. Any Director who holds any executive office, or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

(b) The ordinary remuneration of the Directors shall from time to time be determined by Ordinary Resolution of the Company.

(c) A Director is not required to hold any shares in the Company by way of qualification.

(d) The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

(e) The Directors may pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to, or to any person in respect of, any Director, or ex-Director and for the purpose of providing any such pensions or other benefits may contribute to any scheme or fund or pay premiums.

(f) Except as otherwise agreed between the Company and a Director, a Director may be a party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or of any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he, or any firm of which he is a member, may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid, save as otherwise agreed, he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

(g) Save as mentioned in (h) below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has whether directly or indirectly any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company or its subsidiaries. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(h) A Director shall, in the absence of some other material interest than is indicated below, be entitled to vote, and be counted in the quorum, in respect of any resolution concerning any of the following matters, namely:—

(i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;

(iii) any proposal concerning any other company in which he is interested, directly or indirectly, only as a shareholder, provided that he is not the holder of or is beneficially interested in one per cent. or more of the issued shares of any class of such company, or of any third company through which his interest is derived, or of the voting rights available to members of the relevant company, any such interest being deemed for this purpose to be a material interest in respect of which he cannot vote;

(iv) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which where appropriate has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;

(v) any proposal concerning the adoption and modification of any Conder Staff Trust except where his individual benefit is under consideration.

(i) The statutory provisions as to age limit for Directors apply to the Company.

(iii) *Borrowing Powers*

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies, if any, so as to secure, so far as regards subsidiary companies as by such exercise they can secure, that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (exclusive of inter-company borrowings) shall not at any time without the previous sanction of an Ordinary Resolution of the Company exceed an amount equal to one and one half times the share capital and consolidated reserves (as defined in the Articles of Association) for the time being.

3. Directors' Interests

(i) Upon completion of the Vending Agreement referred to below, the beneficial interests of the Directors in the issued share capital of the Company as they will appear in the register maintained under the provisions of the Companies Act 1967 will be as follows:—

	Ordinary Shares
R. T. Cole	824,000
G. Kiley	123,200
W. C. Robinson	43,000
A. F. J. Russell	40,000
I. S. Turner	12,000
P. Wild	51,200
F. A. Ruhemann	Nil

(ii) Mr. R. T. Cole is a trustee with no beneficial interest of Mrs. E. A. L. Cole's children's trust which, following the placing, will own 123,600 Ordinary Shares.

(iii). Mr. R. T. Cole and Mr. A. F. J. Russell are trustees with no beneficial interest of the Conder Conservation Trust.

(iv) Save as disclosed herein no Director of the Company has or had any interest, direct or indirect, in any assets which, within two years before the date hereof, have been, or are proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries.

(v) No contract or arrangement subsists in which a Director of the Company is materially interested and which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

4. Significant Interests in the Company

On completion of the Vending Agreement there will be the following significant interests in the issued share capital of the Company:—

	Ordinary Shares	*Percentage of issued share capital*
Staff Trusts	1,580,800	19.2
Conder Conservation Trust	824,000	10.0
George Wimpey Limited	650,960	7.9
Tube Investments Limited	412,000	5.0

The Conder Conservation Trust was formed in 1971 with the object that its income be applied primarily in grants in aid of charitable foundations having amongst their objects either the control of human population or the conservation of wildlife. The Trustees are: Sir Peter Scott, Lord Renton, Mr. and Mrs. R. T. Cole, Mr. J. B. K. Williams and Mr. A. F. J. Russell.

5. Vending Agreement

Under contract (iv) below, N. M. Rothschild & Sons Limited has agreed, subject to the Council of The Stock Exchange admitting the whole of the issued share capital of the Company to the Official List not later than 23rd November, 1979, to purchase from certain existing shareholders of the Company listed below ("the Vendors") a total of 1,483,200 Ordinary Shares at a price of 88.5p per share and to offer such shares for sale to certain institutions and others by way of a private placing at 90p per share. Under this contract, N. M. Rothschild & Sons Limited will pay a fee to W. Greenwell & Co. The Company will pay all other fees, costs, charges and expenses of or incidental to the placing, which are estimated to amount to £280,000 (exclusive of Value Added Tax).

The names of the Vendors and the number of shares being sold are as follows:

R. T. Cole	224,000
E. A. L. Cole	148,000
J. B. K. Williams, R. T. Cole and E. A. L. Cole, as trustees of the Cole family trusts	44,800
Conder Staff Trusts	287,760
Tube Investments Limited	412,000
George Wimpey Limited	366,640

6. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into within the two years immediately preceding the date hereof and are, or may be, material:—

(i) A Trust Deed dated 2nd December, 1977 and made between the Company (1) and J. Gonnell and P. Sowter (2) constituting Conder Staff Trust 3.

(ii) A contract dated 16th February, 1978 between the Company (1) and the shareholders of Air Control and Development Limited ("ACD") and Hushon (Air Conditioning) Limited ("Hushon") (2) whereby the Company acquired the entire issued share capital of ACD and Hushon, being private companies engaged in the business of air conditioning, ventilating and other services for commercial and industrial buildings, for an aggregate consideration of £198,500. The names of ACD and Hushon have now been changed to IEI Midlands Limited and Enviroware Limited respectively.

(iii) A contract dated 2nd June, 1978 between the shareholders of G. F. Dickson Environmental Engineering Limited ("Dicksons") (1) and the Company (2) whereby the Company acquired the entire issued share capital of Dicksons, a private company engaged in the supply and the installation of water and effluent treatment plant, for a consideration of £10,000. The business of this company is now being carried on by Clearwater Systems Limited.

(iv) The Vending Agreement referred to in paragraph 5 above dated 16th November, 1979 and made between the Vendors (1), the Directors (2), the Company (3) and N. M. Rothschild & Sons Limited (4).

(v) The Deed of Indemnity referred to in paragraph 7 below dated 16th November, 1979 and made between the Vendors and certain other shareholders (1), N. M. Rothschild & Sons Limited (2) and the Company and its subsidiaries (3).

7. Taxation

The Directors have been advised that following completion of this placing the Company will continue to be a close company within the meaning of the Income and Corporation Taxes Act 1970.

Apportionment clearances have been obtained for the Company in respect of the five years ended 31st December, 1978.

Under contract (v) in paragraph 6 above, the Vendors and certain other shareholders have given indemnities in respect of taxation.

8. General

(i) The Directors are satisfied that the Company and its subsidiaries have sufficient working capital for their present requirements.

(ii) The Company was incorporated in England (No. 801705) under the Companies Act 1948 on 20th April, 1964. N. M. Rothschild & Sons Limited is registered in England (No. 925279) and its registered office is at New Court, St. Swithin's Lane, London EC4.

(iii) Save as disclosed in this Placing Memorandum no share or loan capital of the Company or (save to the Company) of any of its subsidiaries has been issued within the two years immediately preceding the date hereof or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash.

(iv) No commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the said two years in connection with the issue or sale of any share or loan capital of such Company.

(v) No unissued capital of the Company or of any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(vi) No material issue of shares of the Company (other than to shareholders *pro rata* to existing holdings) will be made within one year of the date hereof without prior approval of the Company in general meeting.

(vii) (a) During the year ended 31st December, 1978 the aggregate emoluments paid to the Directors who held office during that year amounted to £130,000.

(b) It is estimated that under existing arrangements the aggregate of Directors' emoluments for the financial year ending 31st December, 1979 will be approximately £150,000.

(viii) All the Directors' contracts of employment are determinable by the Company within one year without payment of compensation (other than statutory compensation).

(ix) The Directors are aware that there is a potential claim in respect of an export contract. They have, however, been advised that if an action is commenced the Company has a good defence. Nevertheless, they have, in accordance with normal Company practice, made certain provisions which they consider will prove adequate.

The Company and one of its subsidiaries are parties to an action to protect a patent for one of the Group's effluent treatment products. In the opinion of the Directors the outcome of this litigation is not material to the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration which, in the opinion of the Directors, is of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

(x) No amount is required for any of the matters referred to in paragraph 4 of the Fourth Schedule to the Companies Act 1948.

(xi) Morley & Scott and Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this Placing Memorandum with the inclusion of their joint report and joint letter (and the references thereto) in the form and context in which they are included. Weatherall Green & Smith have given and have not withdrawn their written consent to the issue of this Placing Memorandum with the inclusion therein of the references to their valuation in the form and context in which they are included.

(xii) The documents attached to the copy of this Placing Memorandum delivered to the Registrar of Companies for registration were the written consents referred to in (xi) above, copies of the contracts referred to in paragraph 6 above, the statement of Morley & Scott and Peat, Marwick, Mitchell & Co. setting out the adjustments made in arriving at the figures contained in their joint report (as set out herein) and giving the reasons therefor and a copy of the placing letter by reference to which the Ordinary Shares purchased by N. M. Rothschild & Sons Limited will be placed on its behalf and the letter of allocation.

9. Documents Available for Inspection

The following documents or copies thereof may be inspected at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2 during usual business hours on any weekday (Saturdays excepted) for a period of fourteen days following the publication of this Placing Memorandum:—

(i) the Memorandum and Articles of Association of the Company;

(ii) the audited consolidated accounts of the Company and its subsidiaries for the financial years ended 31st December, 1977 and 31st December, 1978 and the audited interim consolidated accounts for the six months ended 30th June, 1979;

(iii) the Accountants' Report, together with the statement setting out the adjustments made in arriving at the figures contained in the report;

(iv) the material contracts referred to in paragraph 6 above;

(v) the written consents referred to in paragraph 8 (xi) above;

(vi) the valuation by Weatherall Green & Smith; and

(vii) the Trust Deeds constituting the Staff Trusts and Conder Conservation Trust.

Dated 16th November, 1979.

AVAILABILITY OF COPIES

Copies of this Placing Memorandum may be obtained from:—

N. M. Rothschild & Sons Limited,
New Court,
St. Swithin's Lane,
London EC4

W. Greenwell & Co.,
Bow Bells House,
Bread Street,
London EC4

Conder International Limited,
Kingsworthy Court,
Kings Worthy,
Winchester, Hampshire

National Westminster Bank Limited,
New Issues Department,
P.O. Box 79,
Drapers Gardens,
12 Throgmorton Avenue,
London EC2

from the following branches of
National Westminster Bank Limited:—

129 High Street,
Southampton,
Hampshire

105 High Street,
Winchester,
Hampshire

159 High Street,
Burton-on-Trent,
Staffordshire

27 Blackwellgate,
Darlington,
Co. Durham

and from the following branches of
Bank of Scotland:—

110 St. Vincent Street,
Glasgow,
Scotland

The Town Centre,
Cumbernauld,
Scotland

SAFEGUARD INDUSTRIAL INVESTMENTS LIMITED

Successfully helping small businesses to raise capital

Your company's good record over the years is shown by its having been ranked sixth in the table of top performing Investment Trusts over a ten-year and three-year period in figures published recently. This performance has been achieved within a policy of investing in UK companies.

We have continued the policy of providing development capital for unlisted companies engaged in a various range of activities. Your company has specialised in this field for 25 years and can point to considerable success in selecting its investments, many of them having grown over the years to listed status.

I continue to believe that part of the small businessman's problem is not knowing where to go for advice or to whom to turn for help.

Mr. John Keeling
Chairman

		Year to 30th September 1979		Year to 30th September 1978
Net revenue after taxation		530,522		457,625
Dividends:				
Interim paid	(1.5p) 165,000		(1p) 110,000	
Final proposed	(3.2p) 352,000	517,000	(3p) 330,000	440,000
Revenue retained		£13,522		£17,625
Earnings per share		4.82p		4.16p
Net assets		£12,586,444		£11,689,669
Net asset value per share		114.4p		106.5p

Copies of the Annual Report and Accounts are available from Safeguard Industrial Investments Limited, 87 Eaton Place, London SW1. Telephone: 01-235 9693.

SAFEGUARD

Allied Irish Banks Limited

INTEREST RATE CHANGES

Allied Irish Banks Ltd. announce that with effect from close of business on 16th November 1979 the Base Rate for advances is increased from 14% to 17% per annum.

Interest on deposits at 7 days' notice is increased from 11½% to 14½% per annum.

Allied Irish Banks Limited,
8 Throgmorton Avenue,
London EC2N 2DR.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Julian S. Hodge	18 %
A P Bank Ltd.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	14½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	London Mercantile	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	14 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Shenley Trust	19 %
C. E. Coates	17 %	Standard Chartered	17 %
Consolidated Credits	17 %	Trade Dev. Bank	17 %
Co-operative Bank	*17 %	Trustee Savings Bank	17 %
Corinthian Secs.	17 %	Twentieth Century Bk.	18 %
The Cyprus Popular Bk.	17 %	United Bank of Kuwait	17 %
Duncan Lawrie	17 %	Whiteaway Laidlaw	17½%
Eagil Trust	17 %	Williams & Glyn's	17 %
E. T. Trust Limited	14 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Want to market the best-selling cleaner of the future on the British market?

The KARATE high pressure cleaner: a specially constructed four-cylinder corrosion-resistant super pump. Water capacity 18-30 litres per minute. Working pressure 120-150 bar.

We are the leading manufacturer of high pressure cleaning equipment in Finland and our products have been designed for professional use.

We believe this product will prove a great success on the British market, and we're ready to launch an active sales promotion campaign in cooperation with our future British partner.

You could be this partner. You should have your own marketing organization and possess adequate technical proficiency. Experience and knowledge of marketing in the field would be an advantage.

Please send us a brief description of your company and your prospects for cooperation. Address your replies to the Embassy of Finland, which will then forward them to us.

EMBASSY OF FINLAND,
COMMERCIAL SECTION REF.: NORCAR,
46/47 PALL MALL, LONDON SW1Y 5GL

GRESHAM TRUST LIMITED

Permanent and long term capital for the successful private company.

Also a wide range of banking services, including:–
Selective finance for property development
Commercial and industrial loans
Bill discounting
Acceptance credits
Leasing

For further information please telephone 01-606 6474 or write to Barrington House, Gresham Street, LONDON EC2V 7HE.

SHORTFALL SOLUTION

For private companies with high liquidity and risk of forced distributions at high tax rates. Fully approved and totally secure method. No risk. Just write your name on company letterheading and post to us today for details. The facility is Limited. (We regret no telephone enquiries can be accepted.)

Managing Director Dept. F.B.B.,
Ackrill, Carr and Partners Limited,
Tricorn House, Hagley Road,
Birmingham B16 8TP

HAVE YOU A BAD DEBT PROBLEM?

Why not improve your liquidity by selling your Bad Debts for immediate cash, we have been established for many years specialising in Credit Administration.

WE HAVE THE FUNDS
WE HAVE THE REPUTATION

Contact: Credit Security Limited,
Credsec House, Woodside Road, Amersham
(02403) 4169

ARE YOU FINANCING YOUR CUSTOMERS?

Then obtain details of our Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD.
Breeds Place, Hastings TN34 3DG
Contact: S. E. Finch Tel.: 0424 430824

or Telephone:
London 01-638 1301. Leeds 0532 444578.
Manchester 061-236 9777. Birmingham 021-454 7962.

U.S. ASSISTANCE

Schonfeld & Associates, Inc., 120 S. LaSalle St., Chicago, Ill. 60603 (312) 236-5846 — Management consultants to corporate investors in U.S. industries. Strategic marketing planning and quantitative financial analysis for expansion and acquisition opportunities. Experienced staff work on a project basis at quoted rates. Write or call for further details. No retainers. No contingency or finder's fee.

INDUSTRIAL AND COMMERCIAL REFRIGERATION SERVICE COMPANY

SEEKS SALES AGENCIES

Nationwide Sales, Service and Distribution Network available to manufacturers. We are a dynamic subsidiary of a major International Group.

Write Box G.4877, Financial Times,
10 Cannon Street, EC4P 4BY

CURRENCY MANAGEMENT

NOW ALSO AVAILABLE TO U.K. RESIDENTS

We offer to manage part of your assets in the currency futures markets, to protect your capital and make real gains. Our clients have gained

OVER 800% IN 4 YEARS

The record can be verified through chartered accountants in Switzerland. Funds are held with large financial institutions.

For further information please contact:
VESTRA INVESTMENT SERVICES
1st Floor, Lee House, Monkwell Square, London, EC2

CASH IN ON SUCCESS!

Competent Distributors required throughout the U.K. to market a highly successful product. Excellent profits with further profits resulting from repeat sales. Excellent product—no competition. This is a magnificent opportunity for those wishing to diversify or start their own business.

Please write in confidence to:
Nova Rico, 13 Hillhouse Close, Billericay, Essex CM12 0BB

CLOSE COMPANY PROFITS

What are the options ?—Still more stock, more plant, which may not be required, or put on deposit and pay corporation tax ? A common question to which there is a better answer providing a safe, flexible method of improving retained profits.

For details write direct or if you prefer through your accountant to Box G.4936, Financial Times, 10, Cannon Street, EC4P 4BY.

BEST INVEST IN FLORIDA

700 Acres
$4 Million

Ready for development, or a non-U.S. resident may gradually sell to local developer's on tax-free basis. Located on Florida's coast east of Disney World and adjoining fast growing City of Melbourne. This opportunity won't last long. Write: Magnuson Corp., owner, John H. Moynehan, V.P., 25 SE 2nd Avenue, Miami, Florida 33138 or Telex 152 100 TRT PB and include telephone (305) 358-2291.

BRAZIL

Economic, Commercial and Tourist Information. Market Research. Investment Analysis and Trade Opportunities. Retired Brazilian Foreign Trade Official with the collaboration of a group of experts, will co-ordinate this highly accurate service to British firms looking for a joint venture or Trade Partnership in Brazil. Write in confidence to:

A.B.M. Lima,
Av. Rui Barbosa 408
Apt. 401
Rio de Janeiro, Brazil

YOUR "MAN" IN CALIFORNIA

(and West Coast too)

Exec. BS in Eng'r, MBA, available hourly basis. Evaluations. Mergers & Acquisitions, Product & Market investigations, etc. In London Dec. 6 to 13. London bank references.

T. R. Finn, 10444 Wilshire Blvd.
Los Angeles, Ca. 90024
Tel (213) 474-5645.

Confirming House Agency Required (Australia)

Our company is very experienced in importing and is familiar with confirming activities throughout Australia. Currently we are seeking a principal to finance trade into Australia for our clients. Most business introduced is of non-UK origin and L/C's usually are required. The volume would be worthwhile if rates and facilities were competitive.

Please write to General Manager, Box G.4922, Financial Times, 10 Cannon Street, EC4P 4BY.

OPPORTUNITY TO ACQUIRE

Northern-based Exhibition Company with active shows, clients and accounts for 1980 onwards, offers controlling interest. 1979, Trading Loss: Potential Turnover 1980 £200,000. Very low overheads. Enquiries to: P.O. Box 1, Liverpool L22 4RR Merseyside

CAPITAL AVAILABLE

Investment Capital available for the outright purchase or participation in established business or new ventures. Write giving full details of propositions and security:

Hampton Trust Company Ltd.
St. George's Chambers,
1 Athol Street, Douglas, I.o.M.

CAN YOUR BUSINESS SURVIVE THE EIGHTIES ?

Ensure additional protection by seeking advice from Fourfold Securities Limited who specialise in assisting controlling shareholders and management with financial advice and also research and prepare applications for finance for trading and capital requirements. Part of this service includes seeking out possible sources of funds. In suitable cases we are prepared to invest time and money in businesses where controlling shareholders believe in the growth of their business but require additional support.

For further information telephone: 01-930 3779 or write for our brochure to: Fourfold Securities Limited, Westcombe House, 56/58 Whitcomb Street, London, W.C.2.

THE LEASING REPORT

BRITAIN'S FIRST LEASING NEWSLETTER

Exclusive to the trade, monthly advice and essential information. Full details and FREE copy from: 42-48T NEW BROAD STREET LONDON, EC2

LESSORS REQUIRED

CORPORATE AND PRIVATE

For tax advantages and a safe return invest in leasing through:
Metropolitan General Trust Co. Ltd.
47 St. John's Wood High Street
London NW8 7NJ
Tel: 01-586 3245

Property Development

My Company will earn £160,000 (approx.) profits over the next 18 months. I am willing to share some of this for an advance now of £60,000-£70,000 secured.

Write Box G.4931, Financial Times, 10, Cannon Street, EC4P 4BY.

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM
Buy, save up to 30%
Lease 3 years from under £5 weekly
Rent from £26 per month
Tel: 01-641 2365

SPECIALIST TRADE PUBLISHING COMPANY FOR SALE

Rapidly expanding and profitable. Turnover £300,000 plus. For sale as a going concern.

Write Box G.4870, Financial Times, 10, Cannon Street, EC4P 4BY.

F.C.A. Age 34

Ex-Senior Partner in substantial London Practice. Now mainly absorbed in the re-shaping of an International Corporation. Well versed in public and private Company acquisitions, providing practical solutions to cash flow/profitability/management problems. Former Director/Chairman of two public Companies. Now seeks project where this experience combined and energy can be effectively used. Write Box G.4930, Financial Times, 10 Cannon Street, EC4P 4BY.

We are looking for STITCHING MASTER

for fabrication of Marquee Tents and Web Equipments as per Armed Forces requirements. Please send your application along with copies of testimonials to:

Siddiq Sons Industries Limited
709 Qamar House, M.A. Jinnah Road, Karachi, Pakistan

TRADING BASE—UK EUROPE

British businessman, U.S. trained, offers to look after business interests of active overseas principal. Wide experience as trader and banker in City and on Continent. Fluent German and French.

Write Box G.4934, Financial Times, 10, Cannon Street, EC4P 4BY.

Canadian Executive

Intending to relocate in the UK requires financial partner for new franchise operation.

£50,000-£80,000 required

Write Box G.4929, Financial Times, 10, Cannon Street, EC4P 4BY.

IMPORTERS EXPORTERS

Fine new business leads in Import/Export Opportunities Digest, the new monthly listing of overseas companies who are currently and actively seeking trade contacts with their British counterparts.

For details write to:
Import/Export Opportunities, Dept. FT, 15, Selvage Lane, London NW7 3SS.

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £80 INCLUSIVE
READY MADE £89
COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD.
Epworth House
25-35 City Road, London, EC1
01-628 5434/5, 7361, 9936

FUNDS AVAILABLE FOR BUSINESS PURCHASE

Young and fast expanding service company has funds available for purchase of going concern businesses in allied fields. We are looking to buy, or invest in businesses in industrial cleaning, office cleaning or other allied fields where net profits (before proprietors remuneration) are in excess of £25,000. Please tel. Managing Director at 801 2121.

NATIONAL PANASONIC

Answers your phone and takes messages in your absence

01-485 7826

PHONE MATE — America's best selling telephone answerers for world-wide use. Models from £145-£450: European Sales and Service Centre, 281A, Finchley Road, N.W.3. Tel. 01-431 0266.

SUCCESSFUL MARINE TRADER seeks additional working capital (£5,000-£50,000). Fully secured, proven results. Maidenhead (0628) 22908.

VENTURE CAPITAL REPORT, 2 The Mall, Bristol. The newsletter that channels capital to small businesses. Investors or entrepreneurs. Ring 0272 37222.

MIDDLE EAST OPPORTUNITY FOR AMBITIOUS MANUFACTURERS

Let us market your products in the Arab world through our many associates and connections.

Please contact:
David Burgess/Tony Abbey,
BAZIL ENTERPRISES LIMITED
159/165 Great Portland Street,
London, W1N 5FD.
Tel: 01-637 5851. Telex: 8812681.

LONG JOHN, White Mackay, Mackinlays Whisky. Booths High and Dry Gin available for export in London bonded warehouse. Documents can be inspected by buyers. For details ring 01-834 3605.

£1 A WEEK FOR EC2 address or phone messages. Combined rates plus telex under £3 a week. Prestige offices near Stock Exchange. Message Minders International, 01-628 0898. Telex 8811725.

U.S.A. PROPERTY MAN (non-tycoon) investigating prospects investment Real Estate U.S.A. invites contact possible associates. Write Box G.4932, Financial Times, 10, Cannon Street, EC4P 4BY.

Opportunity in Spain

Major U.S. multinational bank for its Spanish operation, based in Madrid, is looking for an

EXPERIENCED FOREIGN EXCHANGE DEALER

- Full command of Spanish and English
- Knowledge of Spanish interbank market
- Minimum experience 5 years, of which the last 2 at least as a senior member of the FX trading and treasury operation
- Personal contacts in the Spanish financial markets and good knowledge of Bank of Spain's regulations
- Salary commensurate with ability
- All applications will be treated with strictest confidentiality

Send resumé with photograph to Mr. Paniagua, Nuñez de Balboa 70 — 1° Madrid 6, Spain

Exchange controls gone
Quality investment opportunities in Canada and USA

Now that exchange controls have been lifted opportunities arise for UK investors to participate in real estate in major centres throughout Canada and the US.

Profitable opportunities exist in: offices, shopping centres, apartment buildings, industrial parks and mortgages.

In addition to the attractions of the US, Canada also offers good investment potential due to its present 17% discount against the US dollar, its still unrealised energy resources and positive business atmosphere.

OUR SERVICE
Malcolm Silver & Co. can seek out and, subject to your approval, acquire all or a participating interest in any project through our North American associates.

WHY US?
We offer a sound professional and international business background, gained in Europe and North America. You will make the final decision using your own advisors, we simply provide appropriate investment opportunities.

Malcolm Silver & Co.,
Management Consultants,
62 Pont Street Mews, Knightsbridge, London SW1X 0AF.
Telephone: 01-584 0654.

UK CONCESSIONAIRE FOR PREMIUM U.S.A. HEAVY GOODS VEHICLES

Seeks to appoint full main dealers on a territorially exclusive basis for selected areas of the British Isles.

Principals only please with brief details of resources to:

Company Secretary, Box G4933, Financial Times
10 Cannon Street, EC4P 4BY

GET TODAY'S FACTS ON CONTRACT HIRE.

D. Bull, Coventry (0203) 411515
F. Wilding, Central London 01-387 0431
K. Watkin, Barnes, London SW13 01-748 4626

HENLYS LEASE
FROM A MINI TO A ROLLS ROYCE

ENGINEERING CAPACITY AVAILABLE— NEW PRODUCTS REQUIRED

Well-established engineering firm with first quality manufacturing equipment, particular expertise in non-ferrous metal conversion, exceptional marketing experience both in the UK and EEC and large financial resources, has capacity for manufacture and marketing of new products in these fields.

Preference for items with high added value in intermediate rather than high technology area.

To establish contact please send brief details to Box G4927, Financial Times, 10 Cannon Street, EC4P 4BY.

INCREASE BENEFICIAL ASSETS BY OVER 80%

If your Company has cash on deposit or a year end in December and you wish to increase your beneficial assets, contact us now.
Profitable Private Companies—principals or advisers only please.

Gilmartin Finance Limited
INVESTMENT AND FINANCIAL ADVISERS
203 Victoria Street, London SW1E 5NE. Telephone: 01-834 8644.

CONTROL OF SMALL U.K. QUOTED COMPANY

60% holding in sound successful UK quoted company available on an exist PER of 10. Continuity of management assured and trading prospects excellent. Principals of substance only—no time wasters.

Replies to Box No. G4887
Financial Times,
10, Cannon Street, EC4P 4BY.

PROJECTS IN AFRICA

Private Group with successful experience and contacts in Africa wishes to be associated with reputable European Industrial/Agricultural/Financial companies or groups to promote and develop small/medium or large projects or supply contracts. Also wishes to participate in organising attractive financial schemes in suitable cases. An economist will be required to be retained for a specific deal to deal situation. Reply in confidence for discussion.

Write Box G.4886, Financial Times, 10 Cannon Street, EC4P 4BY.

WANTED TO BUY CONFIRMING HOUSE

Company with international associations is interested in purchasing a small to medium Confirming House with experienced staff.

Please reply in confidence to:
Chairman, Box G.4923, Financial Times, 10 Cannon Street, EC4P 4BY.

If you Own or are Purchasing any type of modern OCEAN-GOING VESSEL

then ship management subsidiary of currently Britain's most successful shipowning group will manage your vessels with the same care and consideration as their own under either British of foreign flag.

Write Box G.3050, Financial Times, 10, Cannon Street, EC4P 4BY.

FREE COPY OF INTERNATIONAL INVESTMENT AND BUSINESS OPPORTUNITIES DIGEST

(Now available to British residents)
MBE (168)
9 Westminster Palace Gardens
Artillery Row, London, SW1

HIRE BOAT INVESTMENT

Thames-based hire fleet operating through major agency have opportunities for investment.

Write Box G.4891,
Financial Times,
10, Cannon Street, EC4P 4BY.

MIDDLE EAST AIR FREIGHT

For low rates to Kuwait, Abu Dhabi and most Gulf destinations telephone
GULF SERVICES, Hatfield 66856
Telex 25102 GULFSERVE

GOLD SOVEREIGNS AND KRUGERRANDS

bought and sold in strictest confidence. Also Half and Full Sovereigns (pre-war) wanted minimum £50 each paid: if unmarked £65 paid

SHAW CAVENDISH & CO.
(Bullion Dealers), Cavendish House
Chester 24315/47541

EXPATRIATE

returning to U.K. seeks working directorship in sound technical business. Could invest up to £30,000. First class manager with impressive record various fields: ideal partner for dynamic entrepreneur.

Write Box G.4935, Financial Times, 10, Cannon Street, EC4P 4BY.

LEISURE COMPANY

seeks up to £30,000 "seed money" for an exciting concept in long-term leisure attractions, aimed at the massive tourist market in the U.K. Principals only.

499 8386/7

NEW YORK

Midway Dow recovery of 2.3

DESPITE THE continuing tense situation in Iran and weakness in the dollar, Wall Street took on a modestly firmer stance yesterday morning in fairly active trading.

The Dow Jones Industrial Average picked up 2.30 to 818.00 at 1pm, while the NYSE All Common Index gained 42 cents to $59.53 and rises outpaced falls by an eight-to-five margin. Trading volume came to 22.74m shares, virtually matching last Friday's 1 pm level of 22.75m.

Analysts noted that strength in the Oil group contributed to the gain, and added that many investors continue to hope that interest rates are near a peak, although an actual fall may be some time away.

The dollar was hurt by a call by Iran to other OPEC nations to join with Iran in refusing to accept dollars in payment for oil.

Closing prices and market reports were not available for this edition.

Volume leader Occidental Petroleum rose 1⅛ to $28¼, Royal Dutch Petroleum 2⅝ to $78¼, Cities Service 1½ to $84¼, Superior Oil 1½ to $130, Atlantic Richfield 3¼ to $82, Indiana Standard 1⅞ to $83¾, Louisiana Land and Exploration 1⅞ to $47 and Murphy Oil 3⅞ to $89¼.

Gaming stocks improved. Caesars World added ¼ at $16¾, Bally Manufacturing 1½ at $34¾ and Harrah's ¼ at $30⅞.

Walter E. Heller gained 1⅞ to $21½ on take over speculation. Fotomat, up $1 at $6¼, has started national sales and rentals of video-taped films.

Ford Motors, which may lose up to $1bn this year on North American motor sales, lost $2 to $32⅝.

American Distilling receded 1⅞ to $16⅞ despite reporting improved fiscal fourth-quarter results. The company also said that it may sell some of its brands to a subsidiary of Standard Brands.

THE AMERICAN SE Market Index climbed 2.87 to 220.93 at 1 pm on volume of 2.78m shares (2.48m).

Volume leader Anglo "A," which fell sharply last week on expectations of a 10 per cent profits decline in fiscal 1980, recovered $1 to $17½.

Dome Petroleum gained $1 to $41¼, Kenai 1⅛ to $19⅞ and Gulf Canada 2⅛ to $86¼.

Active Dataproducts put on ⅜ to $16¼. It has won a $6.3m contract from McDonnell Douglas.

Canada

Markets picked up from a lower opening to record mixed to higher movements on balance at mid-day after moderate activity. The Toronto Composite Index was 5.0 up at 1,630.7 at noon, while the Oil and Gas index gained 34.9 at 3,483.1, Golds 9.2 at 1,897.5 and Metals and Minerals 4.1 at 1,430.7, but Utilities, in Montreal, shed 0.82 to 227.94.

Tokyo

The market presented a mixed appearance after light trading, with many investors awaiting further developments in the Iran-U.S. situation.

The Nikkei-Dow Jones Average shed a modest 12.14 to 6,374.97, while declining issues on the First Market section slightly outscored gains by 291 to 288. The trading pace slackened to 160m. shares from last Friday's 250m.

A broker said that some stocks were sold as investors remained worried over the recent sharp rise in margin trading debts on the three major stock markets, with such energy stocks as Oils and Trading Houses retreating.

Nippon Oil fell Y40 to Y2,120, and Arabian Oil Y90 to Y3,900, while in Trading Houses, Mitsubishi receded Y17 to Y932 and Marubeni Y12 to Y462. However, Mitsui, Y400, recovered Y15 of its recent fall, while Teikoku Oil added Y30 at Y1,130 against the trend.

Some export industry-related stocks like Sony, Canon and Sharp were sold on a report by a Japanese economic newspaper that the three concerns, along with some other exporting companies, had actively made contracts for forward dollars and suffered losses due to the yen's recent depreciation. Sony declined Y30 to Y1,670, and Sharp Y13 to Y493.

Toyota Motor lost Y25 to Y815, but Yamaha Motor met fresh buying on hopes that it will develop a new fuel-efficient engine and advanced Y100 to Y1,170.

Nippon Light Metal moved ahead Y15 to Y223, reflecting a recovery in the domestic primary aluminium market.

Also in firmer vein were TDK Electronics, up Y20 at Y1,730, and Kyoto Ceramic, Y40 higher at Y3,390.

Australia

A further sharp and widespread retreat occurred yesterday as investors showed concern over the very high level of interest rates in the U.S. and UK. The Sydney All Ordinaries index fell 14.18 more to 665.77.

Although there have been no moves as yet to increase interest rates locally, the market is taking the view that the increases are inevitable if only to check the outflow of private capital.

The Resources end of the market was hammered down by Overseas dealers selling to switch into high-coupon fixed interest paper, while local traders sold Banks, Financiers, Home Builders, Motors and Retailers ahead of the expected rise in the price of money.

Some of the energy stocks which had over-run their fundamentals in the hectic buying scramble of the last weeks of October and the first few days of November, sustained sizeable falls. Howard Smith fell 40 cents to A$5.80, Utah 15 cents to A$3.90, Bridge Oil 45 cents to A$3.55, Thiess 24 cents to A$6.64, Woodside Petroleum 7 cents to A$1.60 and Ampol Exploration 10 cents to A$1.90.

Overall market leader BHP receded 30 cents to A$9.26, while CSR lost 10 cents to A$4.22, Blue Metal 24 cents to A$1.10 and Pioneer Concrete 12 cents to A$1.73.

ANZ Banking shed 5 cents to A$3.60 despite reporting an advance in annual net operating profits.

Among Minings, MIM, A$2.95, CRA, A$3.40, and BH South, A$1.35, declined 15 cents apiece, while Western Mining were down 12 cents at A$2.98.

Gold Miners resisted the downward pressure for a while, but then joined in the general retreat when gold futures prices went easier at the mid-day call.

Germany

Shares generally eased in further thin trading, failing to continue last Friday's revival in spite of strengthening West German bond markets. The Commerzbank index slipped 2.6 to 710.2.

The market was soured, dealers said, by tightening money markets and foreign exchange uncertainties caused by the confrontation between Iran and the U.S.

Dresdner Bank declined DM 1.80, while Siemens lost DM 1.70 in Electricals, Thyssen DM 1.50 in Steels and BMW DM 1.30 in Motors. Among Machine Manufacturers, Mannesmann dipped DM 1.70 but Deutsche Babcock improved DM 1.50.

On the Domestic Bond market Public Authority loans gained up to 40 pfennigs more and the Regulating Authorities sold a nominal DM 68.7m of paper after sales of DM 1.906m last Friday. Mark-denominated Foreign Loans were also firmer.

Paris

Stocks displayed a lower tendency following a small turnover, influenced by events in Iran and the downtrend on Wall Street last Friday.

An increase in the French Call Money rate to 11⅞ per cent from 11⅜ on Friday also sapped investors' enthusiasm, market observers said. They noted that most operators have adopted a defensive stance until the Iranian situation becomes clearer, adding that it took only a few investors in need of liquidity to push prices down.

Some resistance to the easier trend, however, was seen among Banks, Portfolios, Hotels, Constructions and Transportations.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

GERMANY

JAPAN

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

هكذا من الأصل

Indian crop outlook bleak

By D. P. Kumar in New Delhi

INDIAN winter season crop prospects are regarded by the agriculture ministry as rather bleak. October rains have failed to appear so far and the sowing season is nearing its end.

According to the latest reports from the states the production shortfall may be more than 4m tonnes.

India has already lost about 2m tonnes of grain in the normally rainy summer season because of widespread drought. This was expected to be partly made up from the winter harvest, but the absence of rains, and the acute shortages of electricity and diesel oil has seriously hit sowings.

The total grain output it is feared, will be only about 115m tonnes this year against last year's 131m tonnes.

There has been an unexpectedly big reduction in the planted area for the winter crops.

The Ministry had planned to increase wheat production by more than 5m tonnes this year and a production target of 40m tonnes had been fixed, against 34.5m tonnes last year. But winter plantings are 3m hectares down on the 21m hectare target.

The overall supply position is, however, comfortable so far in spite of the expected loss in production because of a huge buffer stock of about 20m tonnes amassed by the Government out of previous surpluses.

Rise in West Malaysian rubber exports

KUALA LUMPUR—Exports of rubber from West Malaysia rose to 132,721 tonnes in August from 113,337 in July but were well below the 150,915 tonnes exported in August last year.

Exports in the first eight months of this year, however, rose to 1.04 tonnes from 1.01m for the same period last year, according to figures issued by the Department of Statistics.

Exports to Singapore rose to 48,635 tonnes against 44,228 tonnes a year earlier, while exports to China, Malaysia's second biggest customer, rose to 11,895 tonnes from 3,683 tonnes in August last year.

Exports of all types of rubber from Singapore fell to 89,475 tonnes in September from 98,279 tonnes in August

Carter pledge clears way for sugar pact legislation

BY NANCY DUNNE IN WASHINGTON

A PROMISE by the Carter Administration to raise domestic *sugar price supports to 15.8 cents a pound* has virtually assured passage of Congressional authorisation for U.S. participation in the International Sugar Agreement (ISA).

The authorisation had been blocked by Senator Frank Church, chairman of the Senate foreign relations committee and an Idaho Democrat, who linked ISA ratification with passage of a new domestic sugar price support programme.

When the price support legislation was overwhelmingly defeated in the House last month, Senator Church met Mr. Bob Bergland, agriculture secretary and several congressional leaders to salvage what he could for his sugar farmer constituents.

The meeting produced an agreement for this and Senator Church's committee will meet *to draft and pass the ISA* authorisation.

The draft session is scheduled for today. Once the *legislation* has committee approval, the Carter Administration will announce the President's decision to raise sugar price supports from 15 to 15.8 cents a pound. The ISA legislation will then be introduced in the Senate.

A bill authorising U.S. participation in the ISA *has already* been approved in the house by Congressman Charles Vanik, chairman of the House Ways and Means Subcommittee on Trade.

Once the legislation has passed the Senate, house leaders will begin moving it towards passage in the lower chamber, where sources there have said it can be passed "in a week."

The international pact is designed to stabilise the world price of sugar between 11 and 21 cents a pound because of the *increases* in world consumption, the domestic price in New York has been hovering around 16 cents a pound.

Thus, it is felt that the President's *move to raise supports* to 15.8 cents will make little difference to consumers at present. Consumer groups were part of the *powerful coalition which defeated the proposed* domestic price support legislation on grounds that it would be inflationary.

Congressional leaders hope *the higher supports will provide* an assurance to beet and cane farmers that their crops next year will bring in a price above the present average production price of *15.2 cents a pound.*

Optimism at cocoa talks

KEY DELEGATES at a cocoa conference here are hopeful that a price stabilisation agreement can be reached before November 30. This would replace the existing pact concluded in 1975.

Mr. Anthony Hill, chairman of the 60-nation conference, has tabled a controversial proposal under which the world price for cocoa would be kept within a range between $1.05 and $1.75 a pound.

Agreement was reached in earlier talks last August to establish a reserve stock of 250,000 tonnes to maintain the world price within the range yet to be agreed. Mr. Hill has proposed that stock managers should sell from their reserves when the price rises to $1.68 a pound and buy when it falls to $1.12.

The reserve stock can be increased to 350,000 tonnes under extraordinary circumstances by a special vote of the planned agreement's governing council.

Mr. Hill said delegations were very close to agreement at their last meeting and final accord was well within reach. This view was echoed by other participants.

Mr. Gamani Corea, secretary general of the UN Conference on Trade and Development (UNCTAD) which is sponsoring the negotiations, said more flexibility was needed to reach agreement.

The first international accord for cocoa was concluded in 1972. The present negotiations are part of an UNCTAD programme to obtain international agreements designed to stabilise prices and exporters' incomes for 18 commodities, including cocoa, which are major foreign exchange earners for developing countries.

U.S. will settle for smaller wheat stock

STOCKHOLM — The U.S. is prepared to reduce its demand *for a buffer stock of at least* 25m tonnes to be included in a new International Wheat Agreement, U.S. agriculture secretary Bob Bergland said here.

"Although we still feel such an amount is needed to make the scheme work, we think it would be possible to start even with 15m tonnes, and, after gaining experience of that move on eventually perhaps to 40m," he said.

Asked why the U.S. has apparently changed its mind on the size of the buffer stock needed to stabilise prices, Mr. Bergland said the U.S. is not prepared to repeat the 60 week bargaining session which broke down without any agreement last February.

The willingness to accept a lower reserve stock size reflects a readiness to compromise. If other parties are willing to make concessions this enhances the *chances of talks on a new agreement restarting*, he added.

Mr. Bergland left yesterday for Hamburg and Holland after a weekend visit to Sweden as *the guest of Anders Dahlgren*, agriculture minister.

Reuter

Border roads need upgrading

MORE THAN £4m has to be found to *upgrade minor roads* in the Scottish Border so that timber supplies can be harvested and transported to pulp mills and processing plants during the next 50 years.

The region's chief executive has said that even with government and EEC help, ratepayers would have to find £800,000 for work in remote areas.

Coffee prices 'too low'

ABIDJAN—Coffee prices on world markets have not returned to reasonable levels despite a reduction in supply and a rise in world demand, according to Denis Bra Kanon, Ivory Coast agriculture minister.

Speaking at the opening of a five-day conference of 21 African coffee producing countries he said Latin American countries were perfectly justified in creating their own "Bogota" price support fund to protect their interests.

Mr. Bra Kanon called on *African producers* to develop consultations among themselves, to "adopt a realist, objective and efficient position" to improve world prices taking into account the needs of both producers and consumers. And he called on African producers to "have a closer look at initiatives taken by other world coffee producers in the face of lack of concrete results from the International Coffee Organisation."

The admission of African coffee producing countries to the "Bogota" group is expected to be considered at the conference.

Officials from the Inter-African Coffee organisation (IACO) said the question was not on the agenda, but they said it was very likely to be *raised at the meeting.*

Reports from Bogota last week quoted sources close to a Bogota fund meeting there saying admission of the Ivory Coast, Africa's biggest coffee producer, to the fund was "virtually a fact."

Reuter

Metals fall

THE CONTINUED strength of sterling encouraged a general fall on the London base metals markets yesterday in spite of the fact that warehouse stock levels all fell last week.

Cash copper wirebars closed at £983.5 a tonne, down £0.5, cash standard tin lost £25 to £7,440, and cash lead ended £3 lower at £593. Only zinc was *stronger with cash metal rising* £1 to £322 a tonne.

The sharpest fall in stocks was for lead with a 3,125 tonnes decline to 18,125 tonnes. Copper *stocks were 3,075 down* at 141,850 tonnes: tin 25 tonnes down at 1,520 tonnes; and zinc 1,900 lower at 43,225 tonnes. Silver stocks rose 410,000 oz to 1124m oz.

SULPHUR SUPPLIES

Catalogue of disaster for the industry

BY RICHARD COWPER

THERE MAY seem little connection between the revolution in Iran, one of Poland's worst winter's in living memory and a shipping accident on the West coast of Canada. But these three events have plunged the world sulphur market into considerable disarray.

With demand already beginning to outstrip supply towards the end of last year estimated losses to the world market this year of 300,000 tonnes from Iran, about 600,000 tonnes from Poland and about 250,000 tonnes from Canada has meant that many consumers are not getting the quantities they need even if they are willing to pay spot prices almost double those of a year ago.

That the industry has not been plunged into further disarray has mainly been thanks to the release of U.S. producer stocks of about 700,000 tonnes in the first half of this year. But the U.S. industry has only four months' domestic supply left and cannot be expected to continue such a rate of depletion.

The political upheavals in Iran which last year brought the Iranian oil and gas industry virtually to a standstill resulted last November in a declaration of force majeure on all sulphur shipments, but while exports of oil later picked up at a reduced level little or no sulphur has been getting out.

Iran, with exports of about 335,000 tonnes of sulphur last year was the world's seventh largest exporter. This year the most Iran is likely to export is 40,000 tonnes and much of this will come from existing stocks.

The setback in Iran was closely followed by a disastrous winter in Poland—the world's second biggest exporter of sulphur. After record production of 5.3m tonnes last year and exports to the West of about 2.6m tonnes Poland fell victim to what many have described as the worst winter in living memory. The country's rail transportation system was paralysed by snow and ice, mines collapsed and severe damage was done to rail stock.

While the Polish sulphur mining industry has not yet recovered completely from the disruptions caused by the weather, increasing demand from the Soviet Union and Eastern Europe has squeezed Polish supplies even further. Exports to the West this year are likely to be down by about 600,000 tonnes to roughly 2m tonnes.

Just as the industry was coming to terms with these setbacks exports from Canada, the world's leading supplier of sulphur, were seriously disrupted. Last month a Japanese freighter ploughed into Vancouver's Second Narrows bridge cutting one of the vital rail links to the terminal used for handling about 50 per cent of Canada's sulphur exports.

Ten days later on October 22 the one remaining rail link to the terminal was cut as a result of a fire.

With many sulphur consumers relying heavily on Canadian supplies in the wake of the continued shortfalls from Iran and Poland the loss to the world market of about 100,000 tonnes a month could not have come at a worse time.

The bridge is not likely to be open until the end of January and this could well mean a loss of 250,000 tonnes of Canadian exports for this year.

To make matters worse consumption is rising, and even without the disasters in Poland, Canada and Iran it is unlikely that production this year would have been able to keep pace with increase in demand.

Last year consumption of brimstone sulphur—one of the main ingredients in the production of phosphate fertilisers—was just matched by production of 25.5m tonnes. But with consumption rising at about 6 per cent per annum the precarious supply/demand balance was already coming under serious pressure.

The result has been that prices have rocketed. The spot price has risen to more than $100 a tonne compared with half that just over a year ago, and contract prices just being negotiated for next year are likely to be up 60 per cent

Plant will extract protein from whey

BY ROBIN REEVES, WELSH CORRESPONDENT

A NEW process for extracting food protein from cheese whey is to be developed commercially at Carmarthen, West Wales, with the aid of a £100,000 shares and loan package from the Welsh Development Agency, Wales's equivalent of the National Enterprise Board.

The venture is the brainchild of the four directors of a recently founded company, Bio-Isolates, who are confident the product can win valuable *markets in food processing* industries.

Whey is regarded as a low-value by-product of cheese making, which is used either as pig feed, or, when concentrated, in limited sectors of the food industry, or simply thrown away.

The plant at Carmarthen will be a small-scale production unit adjacent to the Milk Marketing Board's creamery at Johnstown. *But it is seen as a forerunner* of a network of larger production units elsewhere in Wales and the UK, developed either by Bio-Isolates or through licensing agreements with other operators.

The company is also exploring opportunities for marketing the process elsewhere in Europe. Mr. Doug Palmer, managing director, claims food processors have already welcomed *samples of the product* with enthusiasm.

The extraction process uses an ion exchange technique which can also be adapted for extracting high quality proteins from other sources such as soya, rape seed, vegetable wastes, and blood.

Mr. Ian Gray, managing director of the Welsh development agency, said the project had considerable commercial potential in enhancing the value of Welsh dairy products and also offered promising prospects for the export of equipment and technological *know-how.*

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Barely changed on the London Metal Exchange. After opening at £990 forward metal eased back to £987, owing to the firmness of sterling, before rallying to £994.5 on reports of damage to road routes in Zambia. In the afternoon the price edged up to £1,000 at one point reflecting the firmer trend on Comex but dipped to close on the late Kerb at £989. Turnover: 13,625 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	984-5	—1	983-4	—5
3 months	994.5-5	—1.75	993.5-4	—.75
Settlem't	985	—1	......	......
Cathodes				
Cash	963-4	+1	963-5	+2.25
3 months	974-5	+1	974-6	+1
Settlem't	964	+1	......	......
U.S. Prod.	......	......	*96-101	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £981, 84, 85, three months £989, 90, 92, 93, 94, 94.5. Cathodes, cash £964, three months £974. Kerb: Wirebars, three months £993.5, 94, 94.5. Cathodes, cash £965. Afternoon: Wirebars, cash £985, three months £995, 94. Cathodes, cash £963, three months £975. Kerb: Wirebars, three months £995, 96, 97, 98, 97, 96, 97.5, 97, 97.5, 98, 98.5, 99, 99.5, 1,000, 999.

TIN—Barely changed on balance. Forward metal opened marginally firmer at £7,290 owing to the rise in Penang over the week-end but fell back to £7,250 in the pre-market following the rise in sterling and profit-taking. Thereafter fresh physical demand was absorbed and values edged higher in the afternoon with forward metal touching £7,290 before closing the late Kerb at £7,250. Turnover: 605 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7435-50	—47.5	7440-50	—25
3 months	7270-90	—22.5	7275-300	—2.5
Settlem't	7450	—50	......	......
Standard				
Cash	7430-50	—25	7430-50	—25
3 months	7260-70	—20	7275-300	+5
Settlem't	7450	—20	......	......
Straits E.	$$8091	+5	......	......
New York	......	......	......	......

Morning: Standard, three months £7,250, 60, 55, 50, 51, 60. Kerb: Standard, three months £7,250. Afternoon: Standard, three months £7,260, 50, 60. High Grade, cash £7,450. Kerb: Standard, three months £7,250.

LEAD—Unchanged on balance. Forward metal gained ground on the pre-market and in the mornings rings as a larger than forecast decline in stocks prompted trade buying and borrowing, which took forward metal up to £584 on the second ring. However, the rise in sterling coupled with trade selling and profit-taking pared the price in the afternoon with forward metal finally £572.5 on the late Kerb. Turnover: 7,325 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	602-4	+5.5	592-4	—3
3 months	580-1	+4.75	577-8	......
Settlem't	604	+5	......	......
U.S. Spot	......	......	*57-65	......

Morning: Three months £580, 80.5, 81, 82, 83, 84, 83, 80, 81, 80.5, 81. Kerb: Three months £581. Afternoon: Three months £579, 78.5, 78, 77. Kerb: Cash £590, three months £578, 74.5, 75, 74, 73, 72.

ZINC—Edged higher in quiet and routine trading with the market sustained by the initial firmness of lead and copper. Forward metal traded up from £331 early on to reach £336.5 before closing the afternoon Kerb at £332.5. Turnover: 4,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	325-6	+5	321-2	+1
3 months	336-7	+5	331-2	+1
S'ment	326	+5.5	......	......
Prim'w'st	......	......	*35-37.5	......

Morning: Three months £332, 35, 35. Kerb: Three months £336, 35, 34. Afternoon: Three months £334, 33, 32, 33, 32. Kerb: Three months £332.

ALUMINIUM—Easier. Forward metal rose to £822 on the early pre-market on reports of a strike at an Anaconda plant in Kentucky but the market failed to hold this level as profit-taking and currency considerations saw forward metal ease to close the late Kerb at £810. Turnover: 5,700 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	880-90	—20	880-5	—6
3 months	815-6	—10.5	815-5	—6.75

Morning: Three months £815, 14, 14.5, 15, 15. Kerb: Three months £813. Afternoon: Three months £814, 15, 14, 13, 14, 15, 15.5, 15, 14, 13.5. Kerb: Three months £815, 14, 12, 11.

NICKEL—Marginally easier mainly owing to the rise in sterling against the dollar. Forward metal opened at £2,690 and edged up to £2,730 in the morning rings prior to closing the afternoon Kerb at £2,715. Turnover: 216 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2650-70	—60	2655-65	—20
3 months	2715-20	—7.5	2720-5	+2.5

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

Morning: Three months £2,710, 2,700, 20, 30, 20. Kerb: Three months £2,815. Afternoon: Three months £2,720, 15, 20, 22, 25, 23. Kerb: Three months £2,715, 20.

SILVER

Silver was fixed 5.6p an ounce lower for spot delivery in the London bullion market yesterday at 750.35p. U.S. cent equivalents of the fixing levels were: spot 1,638.0c, up 18.0c; three-month 1,678.9c, up 21.5c; six-month 1,719.2c, up 24.9c; and 12-month 1,789.4c, up 12.9c. The metal opened at 746-751p (1,630-1,630c) and closed at 748-751p (1,632-1,640c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	750.35p	—5.6	750.0p	—4.9
3 months	771.85p	—4.1	770.5p	—4.5
6 months	792.25p	—5.5	......	......
12months	833.60p	—15.5	......	......

LME—Turnover 113 (125) lots of 10,000 oz. Morning: Three months 771, 72, 71, 70, 69. Kerbs: Three months 771, 70. Afternoon: Three months 771, 69, 70. Kerbs: Three months 771.5, 71.

COCOA

Trading over a narrow range throughout the day futures closed quietly £5 below Friday evening levels. Physicals were devoid of any great interest with consumers continuing to await lower prices and producers refusing to follow the market current downward trend reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1391-1395	—8.5	1397-80
March	1403-1404	—5.0	1409-1393
May	1414-1415	—5.0	1420-10
July	1433-1434	—6.0	1440-31
Sept	1453-1455	—2.5	1459-52
Dec	1472-1480	+5.4	1478-70
March	1490-1510	+2.5	—

Sales: 2,027 (3,275) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Nov. 16: 134.54 (134.69): indicator price Nov. 19: 15-day average 132.35 (131.87): 22-day average 132.73 (132.71).

COFFEE

Robustas opened £15-£25 higher but although a steady tone was maintained the market failed to gather any upward momentum during a somewhat disappointing morning session, reported Drexel Burnham Lambert. In the afternoon continued steadiness in sterling together with lower New York prices contributed towards a slightly easier finish as values closed around the lows of the day.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
November	1646-48	+20.5	1648-38
January	1675-76	+19.5	1682-65
March	1700-02	+15.5	1705-48
May	1699-00	—6.0	1722-99
July	1695-00	—6.5	1715-95
Sept	1669-85	—8.0	1699-85
November	1660-75	—6.0	1680-75

Sales: 2,701 (2,872) lots of 5 tonnes. ICO indicator prices for November 16 (U.S. cents per pound): Other Mild Arabicas 207.67 (206.92); Robustas ICA 1976 178.00 (same). ICA 1968 178.25 (same). Unwashed Arabicas 215.00 (same). Comp. daily ICA 1968 201.11 (200.62).

GRAINS

LONDON GRAIN FUTURES — The market opened 5 higher on wheat and moved up to 20 higher on commercial buying but merchant selling in the country delivered markets caused values to ease as consumer buyers hedged physical purchases on the futures and the close values were 15 higher to lower. Barley was mainly a spread affair except for steady commercial buying particularly in the March-May options but this market closed unchanged to 10 lower, new crops were neglected with a low sellers apparent, reported Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdays close	+ or —
Nov.	95.00	+0.15	92.20	......
Jan.	97.85	+0.10	94.90	—0.10
Mar.	100.15	+0.10	98.25	......
May	105.80	+0.05	102.95	—0.15
Sep.	96.50	—0.15	93.80	—0.10

Business done—Wheat: Nov. 95.20-95.00, Jan. 98.00-97.75, March 102.40-102.05, May 105.00-105.80, Sept. 96.45-96.20. Sales: 297 lots of 100 tonnes. Barley: Nov. 92.10-92.00, Jan. 95.10-94.85, March 98.40-98.20, May 103.15-102.95, Sept. 93.80-93.70. Sales: 292 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Feed barley: Eastern 92.00, E. Midlands 90.50, Scotland 90.80.

The UK Monetary Coefficient for the week beginning Monday, November 26, is expected to decrease to 1.092.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Nov. 103.50, Dec. 104.50, Jan. 105.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Jan. 108.75, unquoted. Maize: U.S./French Nov. 116.25, Dec. 117.75, transhipment East Coast. S. African White unquoted. S. African Yellow Dec.-Jan. 79.25. Barley: English Feed fob Dec. 96, Jan.-March 102, East Coast. Sorghum: U.S./Argentine unquoted. Oats: *Scandinavian feed unquoted.*

RUBBER

The London physical market opened quiet, slightly higher throughout the day, closing on a steadier note. Lewis and Peat reported a Malaysian godown price of 287 (same) cents a kg (buyer, December).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Dec	63.40-65.00	63.50-65.70	65.15-65.05
Jan	64.25-64.50	64.20-64.25	......
Jan-Mar	65.20-65.38	65.00-65.06	65.30-64.75
Apr-Jne	67.15-67.25	67.05-67.10	67.20-66.90
Jly-Sept	69.65-69.70	69.45-69.50	69.70-68.98
Oct-Dec	72.10-72.20	71.85-72.00	72.10-71.65
Jan-Mar	74.60-74.80	74.40-74.50	74.55-74.20
Apr-Jne	77.10-77.25	76.80-76.90	......
Jly-Sep	79.50-79.75	79.55-79.60	79.50-79.25

Sales: 198 (543) at 15 tonnes, 4 (16) at 5 tonnes. Physical closing prices (buyer) were: Spot 63.00p (63.50p); Dec. 65.00p (65.75p); Jan. 65.50p (65.75p).

SOYABEAN MEAL

The market opened with losses of 50p following further strength in *sterling, reported T. G. Roddick. Prices* continued on defence with trade selling pushing prices lower. The market finished slightly above the lows with late short covering and with losses of £1.00-£1.50.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
December	124.50-24.7	—0.5	124.80-24.50
February	125.50-25.4	—1.65	126.80-24.80
April	125.40-25.7	—1.35	126.30-25.10
June	126.10-26.5	—0.7	126.50
August	126.00-29.0	—0.75	—

Sales: 83 (108) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £158.00 (£151.00) a tonne cif for Nov. Dec.-Jan. shipments. White sugar *daily price* was £185.50 (£181.50).

The market opened around pre-weekend levels but encountered persistent long liquidation which could not be absorbed and prices eased. Later the decline accelerated after a weak New York opening and the market closed at the lows some £7 below the highs, reported C. Czarnikow.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £250.00 (£242.50) for export.

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Dec.	172.85-75.25	175.80-75.70	179.50-73.00
March	175.55-75.60	178.70-78.75	182.85-75.50
May	175.05-75.25	178.50-78.60	182.70-75.25
Aug.	175.00-76.25	177.25-77.35	181.50-76.00
Oct.	175.00-75.50	177.35-77.40	181.00-76.25

Sales: 5,586 (8,783) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, *seller only*). May 174.00, 174.50; Aug. 174.00, 174.50; Oct. 174.00, 174.25; Jan. 172.00, 174.00; March *176.50, 177.00; May 175.75, 178.00.* Sales 668.

LONDON WHITE SUGAR—Close (in *order buyer, seller, business, sales).* Feb. 176.00, 178.00, 183.00-179.00, 94; April 177.0, 179.00, 186.50, 10; July 179.00, 184.00, 190.00, 3; Feb. 181.00, 186.00, 192.00, 4; Nov. 183.00, 188.00, nil, nil; Feb. 187.00, 194.00, nil, nil; April 190.00. 200.00, nil, nil. Sales 111.

International Sugar Agreement (U.S. cents per pound fob and stowed *Caribbean port). Prices for November* 16. Daily price 13.22 (13.82): 15-day average 13.25 (13.23).

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only): Dec. 218.0, 238.0; March, May, July, Oct., Dec., March 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): Dec. 210.0, 220.0, nil, nil; March 208.0, 214.0, 209.0, 12; May, July, Oct., Dec., March 208.0, 214.0, nil, nil. Sales: 12.

BRADFORD WOOL—Crossbred prices eased late last week as did those of merinos, with the strength of sterling a factor. Reuter.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Micron Contract: Dec. 425.0, 428.0, 431.0-428.0, 29; March 451.0, 454.0, 456.0-451.0, 45; May 461.0, 462.0, 466.0-461.0, 77; July 468.0, 469.0, 476.0-468.5, 67; *Oct. 470.5, 471.0, 476.5-471.5, 7;* Dec. 470.0, 471.0, 475.0-470.0, 15; March 471.0, 473.0, 475.0-475.0, 5; May 473.0, 475.0, 478.0-473.0, 9. *Sales: 254.*

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 19 1979	+ or —	Month ago
Metals			
Aluminium	£760/70	......	£750/60
Free Mkt (cs)	$1705/1740	......	$1740/80
Copper			
Cash w'bar	£983.5	—0.5	£911.5
3 mths	£993.75	—0.75	£921.5
Cash Cathode	£963.25	+2.25	£906
3 mths	£975	+1	£907.5
Gold troy oz.	$390.5	......	$395.0
Lead cash	£593	—3	£531
3 mths	£577.5	......	£518.5
Nickel	£3,185.22	......	£3,060.62
Freemkt(cif (lb)	280/290c	......	255/280c
Platin'mtr'y oz	£185.6	......	£181.0
Free mkt	£227.50	+1.55	£238.20
Quicksil'ver	$555/540	—7.5	$320/555
Silver troy oz	750.35p	—5.6	811.10p
3 months	771.85p	—4.1	831.10p
Tin Cash	£7,440	—25	£7,340
3 mths	£7,287.5	+5	£7,195
Tungsten	$142.72	......	$143.47
Wolfrm 22.04 cif	$137/148	......	$140/144
Zinc cash	£322	+1	£312.5
3 months	£331.5	+1	£322
Producers	$780	......	$780
Oils			
Coconut (Phil.)	$920.0r	+10	$915.0
Groundnut	‡		‡
Linseed Crude	£480	—15	£396
Palm Malayan	$637.50t	+2.5	$585.00*
Seeds			
Copra Philip	$605	......	$590
Soyabean (U.S.)	$298.90t	—0.6	$275
Grains			
Barley Futures	£94.90	—0.10	£97.45
Maize			
French No3AM	£116.25	—0.5	£114.0
Wheat			
No. 1 Red Spg.	‡		‡
No2HardWint.	£108.75t	+0.25	£106.50
Eng. Millingt	‡		‡
Other commodities			
Cocoa ship't	£1,478	—9	£1,526
Future Mar.	£1,403.5	—5	£1,433.5
CoffeeF't'rJan.	£1,871	+12.5	£1,802
Cotton A.Index	80.50c	—0.2	78.15c
Rubber (kilo)	63.00p	—0.5	60.00p
Sugar (Raw)	£158.0	+7	£149.0
Wooltp's 64s kl	286p kilo	—4	284p

* Nominal. † Newcrop. ‡ Unquoted. *q Nov. r Nov.-Dec. s Dec. t Jan. z Indicator.* § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 85 tonnes. Few dealings developed, and the offtake was restricted to scattered needs. American styles remained in fair request, with renewed support in African and *Turkish growths.*

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets week ending November 17. GB Cattle 74.15p per kg. l.w. (−0.27). UK Sheep 121.3p per kg. est. d.c.w. (−8.9). GB Pigs 75.7p per kg. l.w. (+1.0). England and Wales: Cattle numbers up 9.0 per cent, average price 73.23p (−0.30). Sheep numbers down 12.1 per cent, average price 121.3p (−9.2). Pig numbers down 1.0 per cent, average price 75.8p (+1.0). Scotland: Cattle numbers down 3.6 per cent, average price 78.03p (+0.36). Sheep numbers down 13.8 per cent, average price 122.2p (−6.2). Pig numbers down 8.9 per cent, average price 69.4p (+0.7).

SMITHFIELD—*pence per pound.* Beef: Scotch killed sides 60.0-66.0, Eire hd. qtrs. 67.0-70.0, F. qtrs. 43.0-45.0. Veal: *Dutch Hinds and Ends 106.0-110.0.* Lamb: English small 48.0-56.0, medium 48.0-52.0, heavy 44.0-46.0. Scotch *medium 40.0-50.0, heavy 44.0-46.0.* Imported frozen N.Z. PL 51.0-52.0. Pork: English, under 100 lb 44.0-52.0, 100-120 lb 45.0-51.0, 120-160 lb 42.0-50.0. Hares: English (large) (each) 160.0-240. Partridges: Young (each) 150.0-210.0. *Pheasants: Best (per brace)* 380.0-450.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navelinas 3.20-4.20; S. African: *Valencias* 2.50-4.30. Satsumas—Spania: 115/189's 2.50-3.20. Clementines—Moroccan: 2/6's 3.20-3.40. Lemons: Italian: 100/150's 5.00-5.50; Cyprus: 11 kilos 95/120 4.00-4.80. 5 kilos 45/55 2.50. Grapefruit—Cyprus: 3.00-3.40; Jaffa: 3.90-4.40; Cuban: 2.00-2.40. Apples—French: Golden Delicious, boxes 40 lb 138/175 4.00-5.60, 20 lb 2.20-2.60, jumble pack 31 lb 2.40, Granny Smith 20 lb 2.40-3.00, 40 lb 4.00-5.60; Hungarian: Starking 43 lb 138's 5.40. Pears—Italian: Williams per pound 0.17-0.19, Packham's 0.15-0.17. Grapes—Italian: Italia per pound 0.35; Spanish: Almaria 2.20-2.40, Black 2.60-2.70. Bananas—Jamaican: Per 28 lb 4.40 Avocados—Canary: 350; Israeli: *3.40-3.60.* Melons—Spanish: Green 3.50-4.50, Yellow 3.50-4.50, 15 kilos Green 8/15's 8.75-9.00. Pineapples—*Ivory Coast:* Each 0.35-0.80.

AMERICAN MARKETS

NEW YORK, November 19.

A LATE selling wave in most commodities produced a negative *psychology. Emergency procedures for* closing the commodities traded on the Chicago board of trade kept the closing *ranges narrow. Soyabeans* and wheat closed moderately lower on trade selling. Maize showed a fractional loss *in the nearby but realised gains* in the other months, due to good trade and export inquiries. All cattle were down the limit, while hogs were mixed on strong demand. Sugar was limit down on reports of redistribution of unshipped *sugar quotas. Cocoa advanced* moderately as the Ivory Coast held back marketings. Coffee was under *heavy pressure as* the trade believed that Brazil would again reduce her export registration prices. Cotton came under pressure from profit-taking by trade and speculators alike. Copper was very strong on indications of a tight supply situation. Gold came under late pressure to finish lower, while silver made slight gains, Heinold reported.

Potatoes (round whites)—March 73.8-74.5 (73.7), April 87.2-87.5 (86.7), May *100.3-100.6, Nov. unquoted. Sales: 559.*

Tin—Unquoted (unquoted).

*Gold—Nov. 387.40 (389.70), Dec. 388.50-389.00 *(391.20), Jan. 393.80, Feb.* 398.50-399.50, April 408.60, June 417.00-418.00, Aug. 426.10, Oct. 434.50, Dec. 443.00, Feb. 450.40, *April* 458.30, June 466.20, Aug. 474.10. Sales: 13,000.

Copper—Nov. 101.00 (99.40). Dec. *100.70-101.20 (99.40), Jan.* 100.30, March 99.50-99.70, May 99.50, July 99.70, Sept. 99.80, Dec. 100.00, Jan. 100.10, March 100.30, May 100.50, July 100.70, Sept. 100.90. Sales: 7,200.

¶Silver—Nov. 1622.0 (1620.0), Dec. 1628.0-1635.0 (1630.0), Jan 1653.0, March 1691.0-1698.0, May 1720.0, July 1740.0, Sept. 1770.0, Dec. 1807.0, Jan. 1820.5, March 1845.5, May 1870.5, July 1895.5, Sept. 1920.5. Sales: 5,000. Handy and Harman bullion spot 1621.0 (1616.0).

**Platinum* — Nov. unquoted (unquoted), Dec. unquoted (unquoted), Jan. 499.30, April 500.00, July 505.60, Oct. 511.40, Jan. 514.80, April *unquoted.*

CHICAGO, November 19.

Lard—Chicago loose 23.25 (same). New York prime steam unavailable.

‡‡Maize—Dec. 270-270½ (270¾), March 288¼-288½ (288), May 300¾-301, July 307-308, Sept. 311½, Dec. 314½-315.

Pork Bellies—Feb. 52.15-52.40 (52.62-52.27), March 52.70-52.75 (53.15-52.72), May 53.70-54.00, July 54.90, Aug. 53.70-53.90. Sales: 8,451.

‡Soyabeans—Nov. 667½-668 (674½), Jan. 684-683 (691½), March 706½-707, *May 727-727½, July 743½,* Aug. 751, Sept. 755, Nov. 758.

‡Wheat—Dec. 433½-433 (437), March *453-452½ (457), May 456½-457,* July 451, Sept. 461, Dec. 476.

WINNIPEG, November 19. §Barley—Dec. 117.40 (118.00), March 117.40 (117.60), May 116.30, July 115.10, Oct. 113.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. *‡‡ Cents per 56-lb bushel.* † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. *§§ $ per 1,000 sq. feet. ‡ Cents per* dozen.

Soyabean Oil — Dec. 26.55-26.50 *(26.77), Jan. 26.05-26.10 (26.29), March* 25.80, May 25.80, July 25.95, Aug. 26.00, Sept. 26.05, Oct. 26.05, Dec. *26.20-26.30, Jan. 26.20-26.30.*

‖Soyabean Meal—Dec. 194.50-194.70 (195.80), Jan. 196.80 (199.00), March 199.40-199.50, May 200.80, July 203.80-203.50, Aug. 205.00, Sept. 207.00, Oct. 207.00-207.50, Dec. 209.00-210.00.

Silver—Nov. 1619.0 (1617.0), Dec. 1625.0-1625.0 (1627.0), Feb. 1666.0-1668.0, April 1699.0, June 1727.0, Aug. 1752.0, Oct. 1778.0, Dec. 1804.0, Feb. 1830.0, April 1865.0, June 1882.0, Aug. 1908.0, Oct. 1934.0, Dec. 1960.0, Feb. 1986.0, April 2012.0, June 2038.0, Aug. 2064.0.

EUROPEAN MARKETS

ROTTERDAM, November 19.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, *Jan. $213, Feb. $215,* March $217. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Jan. $207, Feb. $209, March $211. U.S. No. 2 Northern Spring, 14 per cent, Nov. $206, Dec. $209, Jan. $218.50, Feb. $222.50, March $227.50, April-May $203.

Maize—U.S. 3 Corn Yellow afloat $146, Nov. $144, Dec. $144, Jan.-March $152, April-June $155, July-Sept. $157.75, Oct.-Dec. $159.

Barley—Unquoted.

Soyabeans—*U.S. 2 Yellow Gulfports* Dec. $289, Jan. $293.50, Feb. $300, March $302, April $305, May $305.75, *June $310, July $310.50,* Aug. *$313.50,* Sept. $314, Oct. $314.75, Nov. $314, Dec. $319.50. Brazil Yellow Faq *unquoted. Argentine May-June $300.50,* July $300.75.

Soyameal—44 per cent protein U.S. afloat $255, Nov. $255, Dec. $258, Jan.-March $260, April-Sept. $259. Brazil Pellets afloat $263, April-Sept. $262.50.

PARIS, November 19.

Cocoa (FFr per 100 kilos)—Dec. 1240-1255, *March 1241-1248, May 1251-1259,* July 1255, Sept. 1285-1295, Dec. 1290-1305. Sales at call 1.

Sugar (FFr per 100 kilos)—March 1611-1615, 1608-1610-1611, May 1628-1630, July 1625-1645, Aug. 1635-1660, Oct. 1645-1675, Nov. 1640-1675, Dec. 1650-1690, March 1680-1710. Sales at *call 50.*

INDICES

FINANCIAL TIMES

Nov. 16	Nov. 15	M'nth ago	Year ago
296.29	296.18	293.77	257.28

(Base: July 1, 1952=100)

MOODY'S

Nov. 16	Nov. 15	M'nth ago	Year ago
1154.6	1150.4	1154.0	971.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 16	Nov. 15	Month ago	Year ago
Spot	404.51	404.30	407.75	393.94
F'tur's	416.76	415.88	414.56	389.82

(Average 1924-25-26=100)

REUTERS

Nov. 19	Nov. 16	M'nth ago	Year ago
1693.5	1694.7	1665.3	1509.5

(Base: September 18, 1931=100)

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
ORCHESTOKE LIMITED
T/A VICTOR HOUSE IMPORTS

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 29th day of November 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

DATED this 12th day of November, 1979.

By Order of the Board,
G. COOPER, Director.

View that Government has regained monetary control makes for confident Gilt market—Equities also higher

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 5	Nov. 15	Nov. 16	Nov. 26
Nov. 19	Dec. 6	Dec. 7	Dec. 17
Dec. 10	Dec. 20	Dec. 27	Jan. 7

* "New time" dealings may take place from 9.30 am two business days earlier.

The success last week of the Government's crash funding operation and the majority view that it had regained the initiative in financial markets by re-establishing monetary control gave Gilt-edged securities a further boost yesterday. Confidence was also helped by the prospect of a sharp cut in the UK's contribution to the EEC budget, by a stronger pound and the possibility that domestic interest rates may have reached a peak despite further small increases in U.S. Prime rates.

Bullish Press conclusions to last week's financial events ensured a strong opening in Gilts and the upturn was immediately extended on a fairly aggressive investment demand taking advantage of yields ranging to in excess of 14½ per cent. Longer maturities showed fresh gains to 2¾ points and the shorts had established rises extending to nearly two points before loose stock began to appear.

Selling by short-term operators saw the gains pared and the £20-paid issue, Treasury 13¾ per cent 2000-03 "A," which started life on Friday, came back from 25½ to close only ¾ higher on balance at 23⅝. Other high-coupon longs settled after-hours at a maximum of 1¼ points up, while the shorts were finally a net point dearer.

Leading shares again moved under the influence of Government stocks and began the first of two consecutive three-week trading Accounts in good fettle. The Oil sector was outstanding, the leaders reflecting the prospect of increased North Sea revenue and secondary stocks revived takeover speculation following last Friday's late emergence of an unnamed counter-bidder to the Lasmo offer for Oil Exploration.

Although business in most equity sections fell some way short of expectations, the undertone remained firm throughout. The FT 30-share index illustrated the better feeling and was at its best at 1 pm with a rise of 5.0 before closing 4.3 better on the day at 411.3.

Corporations were content to follow the trend set by the main funds and settled with recoveries extending to 1½ points. Southern Rhodesian bonds moved narrowly in either direction and Chinese bonds were also much quieter than of late.

Traded options opened the new Account in more active mood than of late, and trades completed amounted to 693, the highest for about two weeks. Continued bid speculation prompted a good demand for Cons. Gold Fields, 162 deals, while Imperial were also active following Press criticism of the proposed Howard Johnson offer and attracted 115 contracts.

Minet easier

Suspended at 99p last Wednesday prior to the announcement that Corroon and Black Corporation of New York proposes to increase its stake in Minet from nearly 5 to 20 per cent by purchasing shares in the London market, dealings in Minet were resumed yesterday now that shareholders have had sufficient time to consult their professional advisers; after a moderate business, the close was a couple of pence lower at 97p. Other Lloyds Brokers moved higher with C. E. Heath up 7 to 175p awaiting today's interim results. Christopher Moran gained 3 to 31p following Press comment, while improvements of 3 and 4 respectively were seen in Willis Faber, 200p, and C. T. Bowring, 105p. Composites also gained ground, Royals rising 7 to 307p and General Accident 5½ to 202p xd.

In the wake of last Friday's increase in base lending rates to a record 17 per cent, the major clearing banks started the new Account on a firm note. NatWest led the advance with a rise of 12 to 332p, while Midland added 8 at 330p. Lloyds, 282p, and Barclays, 402p, hardened 6 and 5 respectively. Elsewhere, ANZ gave up 3 to 183p following the results while, among firmer Discounts, Allen Harvey and Ross firmed 10 to 310p and Gerrard and National gained 8 to 218p. Hambros put on 6 to 253p in front of today's interim results, and Keyser Ullmann hardened 2 to 56p. Recently dull on dearer credit worries, Hire Purchases rallied; also helped by Press comment, UDT recorded a rise of 3 to 36p. F. C. Finance added 5 at 60p.

A firmer tone was noted in Breweries and associated issues, although trading was slack. Bass put on 3 to 201p, while Whitbread rose 4½ to 128p xd. Davenports again featured secondary issues, jumping 14 for a two-day rise of 21 to 136p following revived speculative interest. Elsewhere, Distillers firmed a penny to 216p, while Arthur Bell, 166p, and Matthew Clark, 136p added 2 apiece. Amalgamated Distilled Products became a good market and added 3 to 43p.

Selected Building descriptions made modest headway on technical influences rather than genuine support. Among the leaders, Blue Circle improved 4 to 230p, while Redland, interim results due on Thursday, hardened a couple of pence to 160p. Secondary issues were featured by a jump of 7 to 39p in Scottish Homes Investment following a bid approach from an unnamed company. Buying ahead of Thursday's half-yearly results lifted French Kier 2 to 29p, while SGB revived with a gain of 8 to 223p, and Westbrick Products added 3½ to 56p. Certain housebuilders rallied from recently depressed levels with Barratt Developments and Milbury firming 2 apiece to 103p and 54p respectively, while Percy Bilton improved 4 to 174p. In Timbers, scattered support was forthcoming for Magnet and Southerns which added 7 to 127p.

ICI attracted early interest and touched 339p before settling 8 higher on balance at 337p; the third quarter figures are due on Thursday. Among other Chemicals, interest was shown in Yorkshire which added 4 to 60p.

Wallis down

Firmer conditions returned to leading Stores after recent dullness caused by fears that the Government's credit curbs will severely curtail pre-Christmas consumer spending. Marks and Spencer hardened 3 to 85p and Gussies "A" put on 4 to 334p, after 336p. Elsewhere, Wallis became a prominent dull feature, falling 6 to 44p, in reaction to adverse comment. Drawing strength from the annual results, Kunick advanced 3 to 21p, while Comet Radiovision Services rose 6 to 124p and Moss Bros. gained 9 to 189p. In Shoes, Pittard added 3½ to 48p xd following Press comment.

Electricals closed higher across a broad front following a useful day's business. GEC improved 6 at 326p, while Standard Telephone rose 10 to 220p. Decca "A," at 250p, regained Friday's fall of 5, while BICC added a couple of pence to 93p. Renewed support was forthcoming for Electronic Rentals, 7 better at 106p, and Automated Security, 17 up at 182p. Electrocomponents ended 94 to the good at 405p xd while Brocks attracted option business and firmed 5 to 68p. In sharp contrast, Eurotherm fell 22 to 266p after adverse Press comment and M.K. Electric declined 7 to 183p on the interim profits setback. Suter, interim figures Thursday, eased a penny to 20p.

Hawker, 7 higher at 154p xd, stood out in leading Engineerings. GKN hardened only a penny to 240p, while Vickers were friendless and 2 easier at 107p. Among mixed secondary issues, Stone-Platt lost 2 to 39p following adverse comment, while Jones and Shipman cheapened 10 to 140p and Williams and James gave up 6 to 151p. Vosper, however, added 10 to 160p and Martonair International put on 5 to 166p xd.

Selected Food issues made useful progress on the appearance of small buyers with Associated Dairies firming 8 to 156p and Tate and Lyle improving 5 to 145. Kwik Save found a little support at 104p, up 2; the annual results are due tomorrow. Elsewhere, Singlo attracted buyers and put on 2 to 15½p.

Among Hotels and Caterers, Grand Metropolitan and Trust House Forte hardened a couple of pence to 127p and 137p respectively, but Ladbroke shed that much to a 1979 low of 140p. Reo Stakis came under pressure and lost 4 to 42p.

Nat. Carb. good

Responding further to the revitalised gilt-edged market, the miscellaneous industrial leaders opened the new Account with fresh improvements ranging to 8. Glaxo closed that much better at 400p, while Reed International put on 4 to 174p. Boots hardened 3 to 150p xd as did Beecham, to 127p; the latter's first-half results are due on Thursday. Metal Box, half-yearly figures due today, ended a couple of pence dearer at 234p, but Bowater moved against the trend with a reaction of 3 to a 1979 low of 139p. Elsewhere, North Seal oil orientated stocks came in for a fair amount of attention following which National Carbonising closed 8 to the good at 108p, after 110p, while I.C. Gas finished 13 better at 583p and Cawoods 6 higher at 140p. Buyers came for John Baker which closed 14 up at 157p and Press-inspired improvements of 7 and 10 respectively were recorded in Chubb, 106p, and Marshall's Universal, 128p. Rotaprint put on 3 to 32p following the interim results and Hays Wharf revived with a gain of 6 at 104p. Wade Potteries edged forward a penny to 49p awaiting today's preliminary figures, while renewed investment support lifted ICL 12 to 410p. Diploma put on 9 to 313p and Aeronautical and General 5 to 175p.

Motor Components attracted support, Lucas, 205p xd and Dowty, 135p ex-the-scrip issue, adding 7½ and 5 respectively and Dunlop rising 3 to 47p. Associated Engineering, however, eased a penny to 60p following adverse Press comment. Elsewhere, Caffyns encountered renewed speculative demand and finished 8 up at 125p, while Hanger rose 4 to 49p. Rolls-Royce put on 3 to 57p, and on further thoughts about Friday's first-half statement, Group Lotus gained 3 more to 36p.

Hopes that interest rates have now peaked induced a brisk rally in Property shares with the leaders attracting a fair amount of support. Land Securities picked up 8½ to 251p xd, while MEPC and Stock Conversion improved 6 apiece to 140p and 334p respectively. Great Portland Estates put on 9 to 178p and Haslemere Estates 6 to 250p, while Slough Estates and Scottish Metropolitan firmed 4 apiece to 89p and 110p respectively. Interest was shown in Peachey which added 3 to 88p xd, while Capital and Counties picked up 4 to 76p; the latter's half-yearly results are due on Friday. Elsewhere, renewed interest lifted Fairview Estates 12 to 180p, while Town Centre responded to the higher annual profits with a gain of 3 to 67p.

OilEx jump

Oils were featured by a jump of 96 to 708p, after 735p, in Oil Exploration following news of a rival bid approach from an unnamed source; existing merger partner Lasmo put on 16 to 342p, after 352p, while Premier which holds an 8.9 per cent stake in Oil Exploration, gained 4 to 43p. Buying ahead of the third-quarter figures due tomorrow lifted Tricentrol 12 to 244p, while renewed speculative demand in a limited market prompted a gain of 100 to 610p in Viking Oil. Burmah firmed 9 to 166p in response to favourable Press comment, but an adverse mention clipped 5 from Weeks Petroleum to 320p. Consideration of the recent respective trading statements helped to lift Ultramar 10 to 378p and Shell 6 to 334p. British Petroleum hardened 4 to 364p and the partly-paid new shares firmed 3 to 160p, after 162p.

Trusts reflected the general upturn of the equity market and closed with gains of a penny or two. British Investment were firm, rising 4 to 122p, while New Throgmorton issues met support, the Capital adding 6 to 128p and the Warrants 2½ to 33½p. Consideration of North Sea oil interests lifted Atlantic Assets 19 to 138p xc, while Viking Resources advanced 12 to 145p, after 148p, for a similar reason. Cambrian and General added 2 to 86p after the annual results. In Financials, Akroyd and Smithers, preliminary results due Thursday, were again buoyed by the recent heavy demand for Gilts and closed 13 better at 193p. Charterhouse added 3 to 63p on the pending flotation of the Spring Grove subsidiary.

Shippings opened firmly but little follow-through demand developed and prices generally closed around Friday's closing levels.

Dealings in Vita-Tex were suspended at the company's request at Friday's closing level of 71p; British Vita, 3 up at 126p, are holding talks with the company and may make an offer.

Golds firmer

South African Golds edged higher in quiet trading aided by the steadiness of the bullion price which closed unchanged at $390.50 an ounce.

The new mines were particularly wanted with Deelkraal prominent at 173p, up 19, and Unisel 12 better at 338p, both reflecting London interest.

Heavyweights showed rises of ½ common to Hartebeest and West Driefontein at £19 and £26 respectively, while Western Deep added ½ at £10½.

The Gold Mines index reversed the trend of the previous two trading days to register a gain of 2.3 to 206.2.

Financials were uncertain. The London issues showed Gold Fields finally 4 better at 336p, after a 1979 high of 338p, following further week-end Press mention of take-over possibilities, while the general firmness of the UK equity market prompted a fair demand for Charter, 5 up at 158p, Rio Tinto-Zinc, 8 to the good at 285p and Selection Trust, 6 higher at 490p.

Gold Fields of South Africa were outstanding in an otherwise subdued South African Financials section; renewed London buying, again reflecting the speculation surrounding the London parent, pushed GFSA up almost a point to a 1979 high of £24¾.

Australians sustained further heavy and widespread falls as overnight Sydney and Melbourne markets lost ground on fears of rising domestic interest rates.

Among the major base-metal producers, MIM Holdings dropped 8 to 150p and Western Mining 5 to 154p.

Coal and other energy issues showed Oakbridge 6 off at 138p and Oilmin 5 cheaper at 85p. Thiess Holdings fell 22 to 338p following news that CSR has purchased a further 15.8 per cent holding in the company from ... Australia at A$6.74 per share.

FINANCIAL TIMES STOCK INDICES

	Nov. 19	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	A year ago
Government Secs.	65.49	64.49	63.51	64.26	65.88	65.35	[illegible]
Fixed Interest	65.87	64.61	64.06	65.95	66.47	66.18	[illegible]
Industrial	411.3	407.0	406.3	410.0	423.5	413.0	468.5
Gold Mines	206.2	203.9	204.8	207.4	206.6	212.8	131.8
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld. % (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 am 411.2. 11 am 412.1. Noon 411.5. 1 pm 412.0. 2 pm 411.9. 3 pm 411.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	63.51 (15/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 19	Nov. 16
Daily		
Gilt Edged	264.4	277.5
Industrials	107.4	125.3
Speculative	31.7	35.9
Totals	94.1	105.3
5-d'y Av'ge		
Gilt Edged	294.8	181.4
Industrials	122.0	127.9
Speculative	36.6	37.8
Totals	94.5	94.5

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (8)

BRITISH FUNDS (1)
Treas. 13¾pc 2000-2003 A (£30 pd.)

INDUSTRIALS (1)
Ingall Inds.

OILS (4)
LASMO | Oil Exploration
LASMO 'Ops' | Viking Oil

MINES (2)
Cons. Gold Fields | Gold Fields S.A.

NEW LOWS (125)

LONDON TRADED OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon., Nov. 19, 1979

[illegible]

FIXED INTEREST PRICE INDICES

[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Oil Exploration	10p	11	708	+96	735	210
EMI	50p	8	133	−2	147	81
LASMO	25p	8	342	+16	352	124
Minet	20p	8	97	−2	194	88
Cons. Gold Fields	25p	7	336	+4	338	178
GEC	25p	7	326	+6	456	311
ICI	£1	7	337	+8	415	314
Beecham	25p	6	127	+3	189	122
BP "New"	25p	6	160	+3	165	150
Distillers	50p	6	216	+1	259	198
Marks & Spencer	25p	6	85	+3	134	83
Premier Cons.	5p	6	43	+4	49	13
Racal Electronics	25p	6	216	+2	276	168½
Royal Insurance	25p	6	307	+7	448	288
Shell Transport	25p	6	334	+6	402	278

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 12	Nov. 23	Feb. 21	Mar. 3
Nov. 26	Dec. 7	Mar. 6	Mar. 17
Dec. 17	Dec. 28	Mar. 20	Mar. 31

For rate indications see end of Share Information Service

Call options were dealt in Premier Oil, Town and City, Burmah, FNFC, Manson Finance, British Land, Decca A, Fitch Lovell, LRC, Brocks, Capital and Counties, BP "new," Trafalgar House, ICI, HAT, Marlborough Properties and Coral Leisure. A put was done in ICI, while doubles were arranged in Whessoe, Premier Oil and Town and City.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	105.6	111.7	+2.2	3.16
Abbey Capital	32.5	34.8	+0.3	5.98
Abbey Income	38.1	40.7	+0.1	9.09
Abbey Inv. Tst. Fund	30.7	32.8	—	6.80
Abbey Gen. Trust	43.4	46.4	+0.3	5.83
Equitas Prog. Trust	64.6	68.1xd	+0.4	6.15

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	92.3	97.2xd	—	12.41

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	66.9	71.6	+1.0	6.70
Brit. Inds. Fund	61.7	66.0xd	-2.2	6.15
Growth & Income	37.1	39.7	+0.3	6.05
Elect. & Ind. Dev.	33.3	35.6xd	+0.3	5.90
Allied Capital	66.7	71.4	+0.5	5.74
Hambro Fund	106.2	113.6	+0.8	6.47
Hambro Acc. Fund	127.8	136.7xd	+1.2	5.89
Income Funds				
High Yield Fd.	64.8	69.9	—	10.10
High Income	61.7	66.0	+0.3	8.64
A.H. Eq. Inc.	37.0	39.6	+0.2	8.71
International Funds				
International	25.0	26.8	—	3.00
Pacific Fund	36.6	39.2	-0.3	3.24
Secs. Of America	54.0	57.8xd	-0.5	2.42
Specialist Funds				
Smaller Co.'s Fd.	40.6	43.4	—	5.18
2nd Smlr. Co's Fd.	50.7	54.3	-0.2	4.97
Recovery Sits.	100.9	108.0	+0.2	6.71
Met. Min. & C'dty.	45.6	48.8xd	—	5.33
Overseas Earnings	53.4	57.1	+0.5	5.78
Exempt Funds				
Far East Exempt	43.4	45.1xd	-0.6	3.92
Smaller Co. Exempt	65.0	68.3	+0.1	5.71
U.S.A. Exempt	94.5	98.3	-0.6	3.56

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	50.0	54.0	—	6.1

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	153.0	163.0	—	11.88

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	40.4	43.6	+0.3	11.92
(Accum. Units)	63.4	68.4	+0.4	11.92
Extra Income Fd.	85.7	92.5	+0.1	11.98
(Accum. Units)	92.8	100.2	—	12.00
High Inc. Fund	33.6	36.2	+0.1	10.33
(Accum. Units)	50.4	54.4	+0.3	10.33
(9½% W'drwl. Uts.)	44.4	47.9	+0.2	10.33
Preference Fund	22.0	24.0	+0.1	13.75
(Accum. Units)	38.3	41.7	+0.3	13.75
Capital Fund†	20.3	21.9	-0.1	—
Commodity Fund***	61.9	66.8xd	—	4.28
(Accum. Units)	93.8	101.3xd	—	4.28
(10% W'drwl. U.)	49.6	53.5xd	—	4.28
Fin. & Prop. Fd.*	17.4	18.7	—	3.86
Giants Fund	34.5	37.2	+0.3	5.04
(Accum. Units)	41.8	45.1	+0.4	5.04
Growth Fund	32.9	35.5	+0.2	4.29
(Accum. Units)	40.7	43.9	+0.3	4.29
Smaller Co's Fd*	27.2	29.3xd	—	5.32
Eastern & Intl. Fd†	23.5	25.3	-1.8	1.00
(6% W'drwl. Uts.)	17.2	18.5	-1.3	1.00
Foreign Fund**	85.6	93.1	—	1.84
N. Amer. & Int. Fd††	26.3	28.4	—	1.00
Gilt & Fixed Int.	41.5	45.0	+1.5	5.8

Dealings: †Tues. *Weds. ††Thurs. **Second Thurs. in month. ***Weekly dealing day Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	85.2	90.6	—	6.56

Prices at Nov. 15. Next sub. day Nov. 22.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	28.3	30.4xd	-0.5	2.01

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Nov. 16	174.9	186.6xd	—	6.03

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	19.2	—	6.04
Gt. Winchester O'seas	19.1	21.5	—	2.56

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 9211

Emson Dudley Tst.	67.9	72.6	—	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.3	70.8	+0.7	5.35

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	25.5	27.4xd	—	2.53
Accum. Units	31.0	33.3xd	—	2.53
J. Finlay High Income	30.3	32.6	—	10.14
J. Finlay Euro.Fin.	24.0	25.8	—	3.86
Accum. Units	29.0	31.2	—	3.86
J. Finlay Fd.In.Tst.	26.7	28.7xd	—	6.37

Prices on Nov. 14. Next dealing Nov. 21

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	47.0	50.0	+0.8	1.45
American Turnaround	47.0	50.0	-0.6	2.00
Capital Tst.	45.8	48.6	-0.2	5.56
(Accum. Units)	45.8	48.6	-0.2	5.56
Income Tst.	33.0	35.0xd	-0.2	9.11
Int. Growth Fd.	38.2	40.6xd	-0.6	2.47
(Accum. Units)	40.6	43.0	-0.4	2.47

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	42.3	45.2xd	+0.2	5.65
Do. Accum.	58.4	62.4	+0.3	5.65

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Nov. 8	100.3	102.3xd	—	5.67
Gross Inc. Nov. 8	73.3	75.1	—	10.4
High Yield Nov. 8	78.4	80.3	—	10.58

*Unauth. Restricted to funds under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	94.9	100.9	—	4.20
Do. Acc.	117.8	125.3	—	4.20
G.T. Inc. Fd. Un.	153.8	163.6	—	9.70
G.T. U.S. & Gen.	133.6	142.1xd	—	2.60
GT Wld. Bd. Fd.	—	100.0	—	5.50
G.T. Japan & Gen.	69.6	73.6	—	2.70
♦Gt. Pens. Ex. Fd.	208.2	218.5	—	4.5
G.T. Int'l. Fund	147.8	157.2	—	2.40
G.T. Four Yds. Fd.	48.0	51.0	—	4.00
G.T. Far East & Gen.	46.5	49.1	—	3.60

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	31.6	33.7xd	+0.3	5.73

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	24.2	26.1	-0.3	2.03
British Tst. (Acc.)	56.8	60.3	-0.3	4.79
Commodity Share	29.1	31.3	-0.2	3.89
Extra Income Tst.	20.0	21.6xd	-0.1	10.82
Far East Trust	31.5	33.9	-0.3	3.39
High Income Tst.	51.9	55.9	+0.1	10.56
Income Fund	68.3	73.5	+0.1	8.15
Ins. Agencies	12.96	13.87	+0.08	5.13
Intl. Exempt Fd.	81.8	89.3xd	+0.2	7.80
Intl. Tst. (Acc.)	29.4	31.7xd	-0.1	1.59
Special Sits. Tst.	—	25.0	—	4.00

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	25.5	27.7	+0.2	11.20
Income	35.7	38.8xd	—	10.70
Accumulation	63.7	69.2	—	5.30
Growth	37.3	40.5	—	5.10
Capital	39.5	42.9xd	+0.5	4.90
Small Co's	38.3	41.6	+0.2	5.80
Technology	55.2	60.0xd	—	5.30
Private	37.2	40.4	+0.2	6.30
Intl. Ems. & Assets	42.2	45.9	+0.3	6.30
American	25.1	27.3	-0.2	2.60
Far East & Gen.	25.9	27.9	-0.6	2.80
Far East Trust	28.3	30.4	-0.2	2.50

Govett (John)♥
77 London Wall, EC2 01-588 5620

Stockholder Nov. 9	114.2	120.4	—	3.39
Do. Accum. Unit	139.7	147.3	—	3.39

Next dealing Nov. 16.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

For St. Georges Assets see Security Centres

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd.; Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 68-72 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104: Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road, Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street, Telex 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72 Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Hel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments—Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

120	56	Messina R0.50	102	......	—	—	—

MISCELLANEOUS

81	54	Barymin	63	-1	—	—	—
14½	10	Burma Mines 17½p	12½	......	—	—	—
365	170	Cons. Murch. 10c.	297	-3	Z030c	—	5.8
440	280	Northgate C$1	320	-5	—	—	—
362	226	R.T.Z.	285	+8	†11.5	3.4	5.8
31	12	Robert Mines	13	+1	—	—	—
65	28	Sabina Inds. C$1.	28	......	—	—	—
880	480	Tara Exptn. $1	480	-10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- $ Not comparable.

[illegible]

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......
Bertam	16	......
Bdg'wtr. Est. 50p.	365	......
Clover Croft	30	......
Craig & Rose £1	£10½	......
Dyson (R. A.) A	23	......
Fife Forge	48	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	625	......
Higsons Brew	63	-2
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	358xd	-6
Peel Mills	29	......
Sheff. Refrshmt	100	......
Sindall (Wm.)	168	......

IRISH

Conv. 9% '80/82	£85⅝	......
Nat. 9¾% 84/89	£73⅝	......
Fin. 13% 97/02	£81½	-¼
Alliance Gas	61	......
Arnott	348xd	......
Carroll (P.J.)	53	-½
Clondalkin	82	......
Concrete Prods.	78	-2
Helton (Hldgs.)	35	......
Ins. Corp.	185	......
Irish Ropes	70	......
Jacob	35	......
T.M.G.	140	......
Unidare	85	......

OPTIONS

3-month Call Rates

Industrials	
A. Brew	8
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	25
Brown (J.)	7½
Burton 'A'	25
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	21
Dunlop	6
Eagle Star	14
E.M.I.	12
Gen. Accident	21
Gen. Electric	35
Glaxo	40
Grand Met.	13
G.U.S. 'A'	30
Guardian	23
G.K.N.	22
Hawker Sidd	16
House of Fraser	14
I.C.I.	20
"Imps"	8
I.C.L.	45
Inveresk	5
KCA	3½
Ladbroke	17
Legal & Gen.	14
Lex Service	11
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lonrho	6
Lucas Inds.	20
"Mams"	15
Mrks. & Spncr	10
Midland Bank	30
N.E.I.	5
Nat. West. Bank	28
P & O Dfd.	10
Plessey	10
Racal Elect.	22
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Spillers	4½
Tesco	7
Thorn	35
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	4
Utd. Drapery	10
Vickers	18
Woolworths	6½
Property	
Brit. Land	7
Cap. Counties	9
Land Secs.	25
MEPC	17
Peachey	13
Samuel Props.	14
Town & City	2
Oils	
Brit. Petroleum	35
Burmah Oil	15
Charterhall	5
Premier	4
Shell	30
Ultramar	22
Mines	
Charter Cons.	16
Cons. Gold	18
Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday November 20 1979

BNOC in £500m forward sale

By Ray Dafter, Energy Editor

FORWARD SALE of £500m-worth of North Sea oil, aimed at easing the Public Sector Borrowing Requirement, has been concluded by the British National Oil Corporation. More than 90 per cent of the oil has been sold to UK refiners.

Contracts cover deliveries of some 100,000 to 120,000 b/d, starting in April next year; revenue will be collected in the first quarter of the year, however. In this way the money can be used to ease the Government's borrowing requirement in this financial year.

Deliveries will be made over a nine- to 12-month period. The exact quantity of oil is unknown. Refiners have pledged to buy crude to a certain value; the amount they will receive will depend on the price of oil during the 1980-81 sale period.

It was pointed out in the industry that some of the forward-sale oil might have been delivered to refiners under term-contracts anyway.

Mr. Alastair Morton, a managing director of BNOC, said that sale arrangements were acceptable to all parties. Sales would be made at the market-price ruling on the day each cargo was delivered. North Sea oil is selling for $25 to $26.27 a barrel.

The price is likely to rise significantly next year if, as expected, the Organisation of Petroleum Exporting Countries agrees to raise its prices from January 1. It is thought that a rise of 10 to 15 per cent is expected.

BNOC could have sold a much larger amount than contracted under the forward-sale terms—particularly to potential overseas customers, many of whom were willing to pay premium rates.

The Corporation pointed out yesterday that volumes involved were a limited, minor part of its sales commitments for 1980-81. Next year, for instance, it is likely to have an average 800,000 b/d of North Sea crude at its disposal, apart from oil acquired under State-participation arrangements and resold to producers.

A main beneficiary of the forward-sale oil will be British Petroleum, which badly needs fresh supplies following a big reduction in liftings from its traditional OPEC suppliers.

BP may be buying between a third and one-half of the forward-sale oil. A company spokesman said: "The particular outlines for an agreement between BNOC and BP have been established but details and financial arrangements have yet to be finalised and it would be improper to go into these before the agreement has been signed."

BP and BNOC are negotiating another deal, covering much more significant amounts of the Corporation's crude entitlement. This oil is also likely to be destined for BP's UK refineries.

Shell—thought to be another forward-sale customer—and BP have been told they will have to accept lower liftings of oil from Abu Dhabi next year. Abu Dhabi National Oil Company (ADNOC) is cutting its contract volumes by a half.

Continued from Page 1

EEC

which the mechanism may be triggered. In their present form, these have prevented Britain from benefiting from the rebates on budget payments which the arrangement was designed to provide.

But Sir Geoffrey Howe, Chancellor of the Exchequer, said afterwards that such a change would not by itself be enough to cut the UK's payments to an acceptable level.

He estimated that, even if the UK were to receive maximum benefits available from the corrective mechanism, its net contributions next year could still be larger than those of West Germany and as much as seven times higher than payments by France.

Sir Geoffrey remained tantalisingly evasive about the kinds of extra measures which would be needed to fulfil the Government's aim of restoring the UK's contribution to "broad balance" from the next year.

He said, though, that they need not involve a cut in farm spending, which accounts for some three-quarters of the EEC budget, and suggested that any reform measures in this area could only be tackled over the longer term.

Continued from Page 1

Shotton

The ISTC has asked for the possibility of Shotton keeping its hot rolling mill and certain other production units to be included in closure negotiations.

This would cut the number of redundancies by an estimated 2,000, but BSC is likely to have examined, and rejected, this option already.

Control on security services tightened

BY PHILIP RAWSTORNE

MRS. MARGARET THATCHER has sharply reinforced the Government's control over the operations of the security services since the exposure of "fourth man" spy Mr. Anthony Blunt.

The Prime Minister, who will open a full scale debate on the Blunt affair in the Commons tomorrow will assure MPs that Government procedures have been changed to provide for more extensive ministerial checks on security activities.

Mrs. Thatcher is also expected to announce that the Government's Protection of Official Information Bill will be withdrawn until Ministers have considered possible amendments to it.

She is convinced that the new rules would prevent a repetition of events in the Blunt case in which four successive Prime Ministers were not told of the spy's confession or cover-up.

Mr. Blunt is expected to make a public statement today and be interviewed by BBC TV News, ITN and The Times.

Mr. Michael Rubinstein, his solicitor, yesterday had an hour's meeting with Sir Robert Armstrong, Secretary to the Cabinet.

Mr. Rubinstein showed Sir Robert a draft of the statement which Mr. Blunt intends to make. He said his client did not wish to transgress the Official Secrets Act or damage the national interest.

The Protection of Official Information Bill, the reform of the Official Secrets Act, is now before the Lords.

The Bill's powers, which have been widely and severely criticised, could be used to prevent publication of facts about spy cases like that of Mr. Blunt.

Mr. William Whitelaw, the Home Secretary, is already examining a number of suggested revisions to the legislation.

Demands for the suspension of the Bill, came yesterday from both Labour and Liberal MPs. Mr. Alan Beith, Liberal Chief Whip, described it as "the protection of incompetence and the covering up of treason" Bill.

Mr. William Hamilton, Labour MP for Central Fife, urged the Government to "consign it to the dustbin."

Though Mrs. Thatcher's decision to hold a full Commons debate was given a general welcome, Labour MPs gave notice that they will continue to press for a full public inquiry into the Blunt affair.

Mr. Michael English, Labour MP for Nottingham West, suggested that the investigation should be conducted by the Commons Select Committee on Home Office affairs.

The Government will not make a decision about such an inquiry until after the debate. But Mrs. Thatcher and her senior Ministers are said to agree that it would be pointless and distasteful to "blacken the names of dead men."

The Prime Minister considers that it is more important now to ensure adequate future control over security operations than to delve into past mistakes.

Sir Michael Havers, the Attorney General, made it clear in Commons answers to Labour MPs that the Government had no intention now of initiating any legal proceedings against Mr. Blunt.

Sir Michael, who will wind up the Commons debate tomorrow, also confirmed that the Government had no information which would justify the prosecution of Dr. Wilfrid Mann the British physicist now living in Washington, who has been named as "a fifth man in the Burgess, Maclean, Philby ring."

Mr. James Callaghan will lead for the Opposition, in tomorrow's debate, in which two other former Prime Ministers, Sir Harold Wilson and Mr. Edward Heath, may also take part.

Parliament, Page 15

Official Unionists consider attending constitution talks

BY STEWART DALBY

NORTHERN IRELAND'S Official Unionist Party may after all take part in the proposed constitutional conference on Northern Ireland.

Mr. James Molyneaux, leader of the party, said at Westminster yesterday on the eve of the publication of the Government's consultative document which aims to set the framework for the conference: "The considered views of the Ulster Unionist Party about the contents of the consultative document . . . and its implications for Ulster will be put forward after due consideration and consultation in the Province."

This is being interpreted in Northern Ireland as meaning that Mr. Molyneaux is reconsidering his decision to boycott the conference which the other main Loyalist party, the Democratic Unionists, led by the Rev. Ian Paisley, has tentatively agreed to attend.

It has already become clear that the Government is determined to press ahead with the conference regardless. Mr. Molyneaux categorically rejected the idea of the conference when it was first mooted.

His view was that it would be just a "coffee table gathering" at which the main Northern Ireland political parties would reiterate entrenched positions. He thought Mr. Paisley's party would demand the restoration of Stormont the devolved Parliament abrogated in 1972.

However, since Mr. Molyneaux's initial rejection two things have happened.

First, to the surprise of many, Mr. Paisley has agreed to attend. This means that the conference can start, since three of the four main contenders have said they will participate. Second, members of Mr. Molyneaux's party, in spite of reservations, have publicly said that the party should consider the conference.

Mr. William Craig, who lost his seat at the last general Election, has called for the Official Unionists' participation. The Rev. Robert Bradford has said that providing the consultative document considers the possibility of restoring Stormont, participation in the talks should not be ruled out.

Government to reshape nuclear industry into one organisation

BY JOHN LLOYD

THE GOVERNMENT will shortly announce its intention to re-shape the British nuclear industry into a single-tier organisation to replace the two-tier National Nuclear Corporation.

It is also likely to announce that, subject to safety clearances, it will order a pressurised water reactor station (PWR) on licence from Westinghouse of the U.S.

The Government, it is thought, wants the new organisation to take on a manufacturing role in the longer term. The National Nuclear Corporation and its subsidiary company, the Nuclear Power Company, is confined to the design and commissioning of nuclear stations.

It is believed that the announcement will not entail changes in the shareholding of the NNC/NPC. That shareholding is now divided between the UK Atomic Energy Authority, with 35 per cent, the General Electric Company with 30 per cent and British Nuclear Associates, a grouping of other nuclear contractors, with 35 per cent. The company is managed by GEC, which also has the PWR licensing agreement with Westinghouse.

A more radical restructuring of the industry has been ruled out for the immediate future because of continuing debate over the type of nuclear stations which would be ordered. The parties interested in the future of the industry, who vary widely on what that future should be, all agree that the ordering programme must be defined before the structure is decided.

The previous Government had agreed in principle to the ordering of a PWR, but a decision has been delayed by the accident at the Three Mile Island station in the U.S. earlier this year. The UK Nuclear Installations Inspectorate is studying the U.S. report on the accident.

The U.S. Nuclear Regulatory Commission has yet to complete its safety review, and may freeze overseas licensing of the PWR until it does so.

It remains unclear how much if any, of the manufacture of the PWR would be done in the UK.

Nor is it yet known whether a future UK nuclear programme would be based on PWRs or advanced gas-cooled reactors, though it is unlikely that the AGR programme, which incorporated most of the country's nuclear skill, will be dropped.

Lord Aldington, chairman of the National Nuclear Corporation and a deputy chairman of GEC, said last night: "First we have got to know what the programme is, then we can get ahead with making the stations. For the past six years of our life (the corporation was established in 1973) we have not had a programme."

Mr. Ron Campbell, the managing director of Babcock Power, the boilermaking division of Babcock International, who has been suggested as a possible chief executive of a revamped National Nuclear Corporation (NNC), said that he favoured a manufacturing organisation, in which the boilermaking companies, Babcock and NEI-Clarke Chapman, would play a leading role.

Gundelach plans farm cost cuts

BY CHRISTOPHER PARKES

MR. FINN GUNDELACH, the Common Market Agriculture Commissioner, has prepared a package of cost-saving proposals which could reduce EEC spending on farming by up to 1bn European units of account a year (about £650m).

He aims to make savings on dairy produce, sugar, beef, fruit and vegetables, rye and starch, he said in London yesterday.

The proposals will go to the weekly Commission meeting tomorrow, Mr. Gundelach's hope is that they would be approved in time for the meeting of Community heads of government in Dublin next week.

He wanted the Dublin summit to consider his plans because reactions there would "condition the climate in which farm price proposals will be made."

Mr. Gundelach apparently wants Community approval for the economy measures before he sets out his proposals for the new year review of farm produce prices. He did not expect to be presenting his review plans before January, he said.

Price review proposals are usually tabled before the Council of Agriculture Ministers in November or December in time for negotiation and decision by the end of March of the following year.

Approval of Mr. Gundelach's economy schemes would give the Commissioner scope for increasing some farm support prices next year. Without savings, there will simply not be the funds to back up higher prices.

The milk industry, which accounts for more than 40 per cent of all farm fund expenditure, is expected to come under greatest pressure in Mr. Gundelach's proposals.

Through a levy on dairy farmers who over-produce, the Commissioner aims to raise funds to cover part of the cost of stocking, exporting and promoting EEC sales of dairy goods.

Mr. Gundelach, in Britain for talks with Mr. Peter Walker, UK Agriculture Minister, said his Brussels office had received a letter from Paris containing a response to renewed pressure for France to lift its ban on imports of British lamb.

Although he had not yet seen the letter, he said he understood "it goes in the direction of fulfilling" the European Court's recent judgment that the ban was illegal.

Mugabe urges stronger ceasefire force

BY MICHAEL HOLMAN

THE PATRIOTIC FRONT delegation to the Lancaster House talks on Rhodesia yesterday tabled a controversial cease-fire plan for the seven-year war which envisages a Commonwealth peacekeeping force several thousand strong.

The proposal came amid signs that the Salisbury government of Bishop Abel Muzorewa is preparing to accept, subject to clarification, Britain's own ceasefire terms

While these provide for a Commonwealth monitoring force, numbering several hundred, it is highly unlikely that either Britain or Salisbury would accept a Commonwealth peacekeeping role.

At yesterday's 20 minute plenary session, the Salisbury delegation posed no fundamental objections to Britain's plan. Instead, Dr. Silas Mundawarara, leading the delegation following the weekend return to Rhodesia of Bishop Muzorewa, sought clarification about the machinery for ceasefire implementation and details on the composition of the monitoring units.

He also asked for more information about the disposition of the two rival forces. Arrangements to re-group the 15,000 guerrillas in the country and to allocate areas for the regular forces in an effort to keep the two sides apart will be a critical element in the ceasefire.

An end to the war is the third and final phase of the talks, now in their 11th week, following all-party agreement on an independence constitution for Rhodesia and a two to three month transition under a British governor with executive powers.

Last Friday, Lord Carrington, the Foreign Secretary, submitted Britain's 10-point outline plan for the ceasefire, under which the commanders of the guerrilla and regular forces will limit operations to self-defence, and be responsible to the governor.

The Foreign Secretary believes ceasefire terms can be agreed at Lancaster House within "a matter of days."

The conference would also agree on the date from which they became effective. This, he says "need not be more than seven to 10 days" after all-party acceptance in London of the comprehensive Rhodesia settlement.

Essential

At a press conference yesterday, Mr. Joshua Nkomo and Mr. Robert Mugabe, co-leaders of the Front, said machinery for enforcing the ceasefire was "vital if we are to get lasting peace." An independent force numbering "several thousand" was essential, said Mr. Mugabe, "not only to observe the ceasefire but to be in a position to enforce it."

As well as calling for a Commonwealth peacekeeping force, the Front proposes a Commonwealth ceasefire supervisory commission which would decide when the ceasefire had become sufficiently effective to allow free elections.

Other measures include the disbandment of certain Rhodesian military and paramilitary units, and the surrender of "a vast private armoury" of weapons—said by the Front to total 115,000—held by Rhodesian civilians. The bulk of these arms belong to the country's 225,000 whites and the rest are held by "auxiliary" forces loyal to Bishop Muzorewa and Rev. Ndabaningi Sithole.

Lord Carrington will respond to the plan when the conference resumes this morning. However, British officials last night said they did not expect there would, as a result, by any substantial changes to Britain's own arrangements.

They drew a distinction between a monitoring force, and a peace-keeping role for the Commonwealth.

The British view is that provided there is the political will on the part of all parties, a ceasefire can be implemented within the time scale and with the resources that Lord Carrington envisages.

Yesterday's session suggested the pattern of the first and second stages of the conference may well be repeated. Britain's constitutional and pre-independence proposals were soon accepted by Salisbury.

The Patriotic Front, however, tabled elaborate counter documents, but after lengthy negotiations finally accepted slightly modified British terms.

Patriotic Front's call, Page 4

THE LEX COLUMN

Pressure on U.S. bond yields

Any member of the Society of Investment Analysts who was looking for an early fall in U.S. interest rates to help our own gilt-edged market on its way will have been disappointed by Dr. Henry Kaufman's remarks to the Society's seminar yesterday. Bond market rallies at present are traps for the unwary, according to Dr. Kaufman, and premature anticipation of a turn in interest rates can be very expensive. On this point at least many of the fund managers present must have good reasons to agree with him.

Dr. Kaufman is expecting prime rates to go up to 17 per cent at least, from the current 15¾ per cent, and yields on high-grade utility bonds to rise to 13 per cent from the present 11¾ per cent. Worse still, perhaps, he does not expect long yields to come down very far in 1980—the next cyclical low for these bonds may be only around 10 per cent.

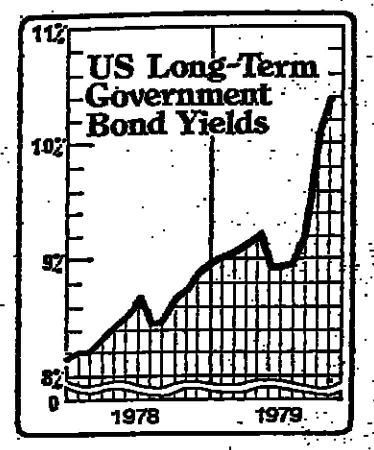
Those who have called the turn in U.S. interest rates too soon have usually been guided by the passing of the peak in economic activity. But the time-lag between this point and the highest level of interest rates has been getting longer with every business cycle — seven months in 1969/70, 11 months in 1973/74, and goodness knows how long this time.

In addition, it used to be commonplace to look for falling interest rates soon after a backward-sloping yield curve was established. But inverted yield curves have been lasting longer and showing steeper backward slopes—moreover, the establishment of an inverted yield curve is no longer a sure sign that long rates have peaked.

Dr. Kaufman believes that as the recession sets in next year (not as deep as in 1974, nor as shallow as as in 1970), the U.S. inflation rate may well go on rising. Apart fro mthe increase in energy costs, present wage demands are "extraordinary" by American standards, and cost-of-living adjustments are becoming commonplace. It would be foolish to assume that the recent run of bumper havests will continue indefinitely.

With a high inflation rate and a relatively shallow recession, corporate borrowings will stay high to finance working capital expansion. At the moment, internal cash generation is falling off but heavy capital expenditure programmes still have to be completed. Even by the end of 1980, personal savings and corporate balance sheets may not have been restored to a suitably liquid state. On top of this, the Government's demands on the credit markets are likely to grow, as the 1979/80 budget deficit may be twice the previous year's $27bn. A relatively minor economic stimulus may turn into a major problem for the bond market.

Index rose 4.3 to 411.3



Sterling

Sterling rose more than two cents against the dollar yesterday to $2.1820, and while the general weakness of the dollar was a strong factor, it is also true that the pound has reached 69.8 on the trade-weighted index, a gain of 5.6 per cent from the low point of two weeks ago.

In the past few years sterling has tended to be firm towards the calendar year-end, a fact which British companies translating overseas earnings have found distinctly inconvenient. But the main factor of course is not seasonal, but relates to the sharp hike in UK interest rates which has coincided with another period of concern over oil prices.

Certainly, foreigners have become active again in the gilt-edged market, with sizeable applications for last week's new tranche of Treasury 13¾ per cent 2000/03 from countries like the U.S. and Germany. There could well be some overseas interest, too, in the short/medium tap being launched on Thursday, Treasury 15 per cent 1985.

This does not mean, however, that these issues are attracting proportionate amounts of foreign currency into the UK, for many of these purchases are essentially short-term operations by regular traders who are likely to carry more or less permanent sterling balances. During October, for instance, British brokers reported large-scale disposals of gilt-edged by foreigners, and these investors now seem to be switching longer, according to a familiar pattern.

For equities, though, the combination of high interest rates and a firm currency is not going to generate helpful conditions, at least for the time being, and they have only been able to join very weakly in the gilt-edged rally.

Thermo-Skyships

Only four months after the spectacular crash-landing of its first share issue scheme Thermo-Skyships, the Isle of Man company, is back with a new idea. The group needs cash to finance the early stages of its programme to design and produce the Zeppelin of the future. The omens for the latest fund-raising plan are brighter.

The primary virtue of the new prospectus is its simplicity. The complexity of the last proposal, a partly-paid arrangement mixing shares and loan stock, almost certainly bewildered many of the private investors at whom the group was aiming. The group is also seeking a far more modest sum this time and the scheme will proceed even if only around half the target is subscribed.

An encouraging sign is that five institutions have agreed to subscribe to the project, and even the stolid Dresdner Bank of Frankfurt has been ordering prospectuses. Last time, no institution was prepared to put up funds.

Yet the investment is not for the faint-hearted. The group says it "may" seek a listing under rule 163(2) but, even supposing it does, marketability will still be limited. Profits are not expected until 1987 so there will be a long wait for dividends. It might have been prudent to wait until funding discussions with European governments were more advanced and the group's future looked more assured. The problem is that cash is needed now.

Quibbles can be levelled against the presentation of the new prospectus. The introductory paragraph advising applicants of the potential risk is in small italics; last time it was framed in bold capitals. For the courageous, however, the scheme offers plenty of scope for entrepreneurial flag-waving. If this financing plan fails, the whole project may be driven abroad.

Weather

DRY with some sunshine. Temperatures mostly near normal.

London, S.E. England, E. England, Midlands, Lake District, C.E. England and Isle of Man

Dry, sunny intervals, moderate winds. Max. 8C (46F).

S.E. England, E. Anglia, E. England and N.E. England

Sunny with scattered showers. Temperatures near normal. Max. 8C (46F).

S.W. England, Channel Islands, S. Wales and N. Ireland

Mostly dry with bright periods. Max. 7C (45F).

Edinburgh, Dundee, Aberdeen, Moray Firth, Orkney and

Sunny periods with scattered light showers. Max. 8C (46F).

S.W. Scotland, Glasgow, Argyll

Dry, sunny periods. Light winds. Max. 8C (46F).
yfjhHy/

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	L. Plms.	C	21	70
Algiers	S	17	63	Lisbon	S	17	63
Amsdm.	C	9	43	Locarno	S	14	57
Athens	C	18	64	London	F	11	52
Bahrain	S	28	82	Luxmbg.	Fg	2	36
Barclna.	S	17	63	Madrid	S	13	55
Beirut	S	26	79	Majorca.	S	16	61
Belfast	C	6	43	Malaga	S	21	70
Belgrd.	C	12	54	Malta	C	15	59
Berlin	C	4	39	Mchstr.	C	7	45
Biarritz	C	13	55	Melbne.	S	22	72
Bmghm.	C	8	46	Milan	S	15	59
Blackp'l	C	9	48	M'ntreal	C	2	36
Bordx.	C	11	52	Moscow	C	1	34
Boulgn.	F	9	48	Munich	C	2	36
Bristol	C	9	48	Nairobi	R	21	70
Brussels	C	8	46	Nwcstl.	C	8	46
Budpst.	R	10	50	N. York	S	11	52
B. Aires	S	19	66	Nice	S	16	61
Cairo	S	30	86	Oporto	S	14	57
Cardiff	R	9	48	Oslo	R	2	36
Cas'b'ca	F	18	64	Paris	C	10	50
Cape T.	S	29	84	Prague	R	2	36
Cologne	C	4	39	Reykjvk.	R	4	39
Cpnhgn.	C	5	41	Rhodes	F	20	68
Dublin	C	8	46	Rio J'o	C	25	77
Dbrvnk.	C	10	50	Rome	F	14	57
Ednbgh.	C	7	45	Salzb'g	Sl	2	36
Faro	S	18	64	Singapr.	C	28	83
Florence	C	11	52	Stckhm.	R	6	43
Frankf't	C	2	36	Strasb'g	C	5	41
Funchal	C	18	64	Tangier	S	18	64
Geneva	S	7	45	Tehran	S	11	52
Gibrltr.	S	19	66	Tel Aviv	S	30	86
Glasgow	C	9	48	Tenerife	C	16	61
G'nsey	R	10	50	Tokyo	C	14	58
Helsinki	C	4	39	Toronto	Fg	4	40
H. Kong	S	15	60	Tunis	C	12	54
Innsbr'k	Sn	1	34	Valencia	S	19	66
Invnss.	C	7	45	Venice	C	10	50
I o Man	C	9	48	Vienna	Sl	7	36
Istanbul	C	16	61	Warsaw	C	7	45
Jersey	C	10	50	Zurich	C	3	37
Jo'burg	C	19	66				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by The Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.